



**THIS FILE IS
CLOSED**

**THERE IS A PART
III**

MO550/23/407-3

Released under the
RTI Act by DET

VOGLER, Laurie

From: VOGLER, Laurie
Sent: Wednesday, 5 November 2003 6:40 PM
To: 'reg.monteiro@williambuckqld.com.au'
Subject: Invoice DWL 504638

Reg

I write on behalf of the Non-State Schools Accreditation Board.

Some time ago we had a discussion on the matter of invoices issued with respect to work on Sunshine Coast Grammar School undertaken by Don Langdon. On 11 September, you sent me a list of hours and hourly rates in response to my request for some details on how the amount of Invoice DWL 504638 was calculated.

I pointed out to you in a telephone conversation shortly afterwards that there seems to be some inconsistencies in the arithmetic. Put plainly, it just doesn't add up. Accordingly, I would like to request a clear statement of time expended, purpose and charge out rates for work completed in relation to this invoice that reconciles the information you have supplied to date.

At another level, the Board is concerned that it does not have available to it any breakdown of the 41 hours charged after 30 June, especially a division into time spent producing the first draft of the assessors' report and time spent refining it after advice from Crown Law on requirements to make it comply with procedural fairness standards. Such information will enable it to make a decision about payment of the account as presented.

I await your further advice.

Yours sincerely
Laurie Vogler
Director
Office of Non-State Education

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RTI Act by DEET

*Sunshine Coast Grammar School
Acquisition Steering Committee*

**An Open Letter
to Prospective Purchasers
of
Sunshine Coast
Grammar School**

From the SCGS
Acquisition Steering Committee

31 October 2003

Postal Address: PO Box 245 MOOLOOLABA QLD 4557

The following paper is a record of matters and issues relevant and pertinent to the acquisition of Sunshine Coast Grammar School by a body outside the current school community. This Committee wishes to convey to any prospective purchasers certain matters and issues that are important to the Staff and the Parent bodies within the school.

Preamble

The SCGS Acquisition Steering Committee is representative of the Parent Community and has four teachers who were elected to represent the 104 members of staff at the Committee's meetings. This document represents a joint statement to prospective purchasers of SCGS. It is intended to convey the issues and feelings that are present in the staff and parent bodies. It is intended to give prospective purchasers an opportunity to address these areas and undertake the future growth development of the school cognisant of the major important issues that are present in the community.

The staff is the resource by which the school maintains its excellence in the educational community of the Sunshine Coast and the parents represent the clients who have chosen this school as a place that meets their ideals and goals for their children's education. Both groups look forward to building upon the wonderful attributes and potential of the Sunshine Coast Grammar School with its new owners.

Background

When the sale of the school was first indicated, the two parent groups within the school decided to take a proactive approach towards the future of the school community. As clients of the school and contributors to its character and physical growth, parents felt strongly about maintaining the school's direction, ethos and ongoing development.

The Acquisition Committee was established to act as a body to investigate what options there were for parents to establish a community based ownership or lend support to any successful bidder should the school be sold to a body outside the local community. The aim was to ensure a smooth transition and maintain confidence and support among the parent community for the school and its directions.

The Committee felt that they were in a strong position with the staff's backing, to mount a bid to purchase the school through a company with a broad-based ownership. Much work took place in establishing a possible School Board of excellently credentialed members of the school and wider community. Relevant documents were developed that covered issues such as a Constitution, Strategic Plans, Codes of Conduct, Budgeting Procedures etc, in order that an offer to purchase the school could be formulated.

In the event that SCGS be sold to another body, the Acquisition Committee would see that its role is to support parents and staff in the smooth transition of ownership and in facilitating open communication between the current community and the school's new owners. The Committee therefore feels that it has a responsibility to represent to any

prospective purchaser, certain issues and matters that would be before any new owner after purchase.

Staff

In January 2003, the Staff of SCGS commenced a School Renewal Program aimed at regenerating what they considered had been a very exciting and vital school community. Through a detailed process they identified the major areas of strength in the school, its areas of need and proceeded to create a School Vision Statement. The Staff would be especially keen that the process of school renewal, begun through the SCGS Self Renewal Program, should be maintained and given support.

School Vision Statement

As a result of the difficulties encountered by the school in 2002, a program of school renewal was commenced during the Pupil Free days of 2003. The staff identified several key areas of strength that characterised the school.

- Vibrancy – sense of energy, drive and purpose
- Vision – a commitment to a school centred on children
- Unity – a common purpose
- Excellence – in teaching and learning
- Community – care and respect for staff, the parents and students
- Environment – a unique place to work and live.

It was felt that during the challenges of 2002, these key characteristics had diminished. A programme of Self Renewal and the development of a common School Vision Statement were seen as ways to enhance staff morale and school spirit as well as a way of setting the school on a path of renewal. The staff identified five essential areas that would provide a foundation for continued growth and excellence as a school and as a community.

RESPECT - CARE - TRUST - EMPATHY - INTEGRITY

These central values were incorporated into the School Vision Statement. The staff saw these core values as relevant as much to their teaching role as to the way in which the school operated in total. It is the hope of staff that the Vision Statement is at the centre of all decision making by school leaders in the future i.e. that it informs and guides all decision making in regard to issues such as curriculum, development, staffing, relationships and parental involvement.

VISION STATEMENT

Sunshine Coast Grammar School is a unique school, a community of learners whose goal is to develop and foster every individual in its care.

*Our Strength of Purpose is derived from our core values of **Respect, Care, Trust, Empathy and Integrity**, which underpin and infuse all our actions and aspirations.*

We are dedicated to creating a vibrant school environment that offers opportunity, participation and challenge founded on these values.

The Self Renewing School Program envisaged a five year cycle of renewal in the following key areas: **Relationships, Organisation & Leadership, Curriculum (Teaching & Learning); Whole School Community and Policy & Practice.** With the onset of the uncertainty caused by the Accreditation Process and the sale of the school, this program has not been implemented. Similarly, the integration of the School Vision Statement into practice has yet to be fully implemented.

Key Issues for Staff

Several major issues have emerged for staff in relation to the sale of the school:

- Employment of all current staff;
- Continuity of employment and conditions (i.e. long-service leave entitlements, salary, sick leave etc);
- Implementation of the current Enterprise Bargaining Agreement;
- Status quo in positions of responsibility pending normal review processes;
- Implementation of School Renewal Program;
- Development and implementation of school building program as part of a whole school Strategic Plan;
- Due to the breakdown in relationships, no further official or consultative involvement of current owners in the school; and
- Greater openness, communication, accountability and shared decision making.

PARENTS

Parents are the first and foremost educators of their children, acknowledges the United Nation Declaration on Families. Since the inception of the school, the parent body has been an integral part in its development through continuous support, fund raising, contributions to the physical environment, the classroom learning, the support and organisation of functions and community building. Parents believe that their stake in the school is more than that of fee paying clients – together with the excellent staff they have contributed to the milieu and culture of the school. Although never given a truly representative voice in the school through a Parents' and Friends' body, the parents have never failed to support the school's endeavours and goals tirelessly.

Parents were recently asked what key characteristics of the school should be maintained into the future. They identified many areas. Foremost among them were the following:

- Continuance of a family oriented approach with a high level of emphasis on pastoral care and support for the individual child
- Continuing the school as a non-denominational entity
- Maintenance of a multi-disciplined approach
- Continuing excellence in teaching and staff
- The unique ethos and culture of the school
- Educational excellence and academic success
- The safe, happy environment
- The attention to individual personal success and effort and its acknowledgement.

MAJOR ISSUES

With the uncertainty over the school's future that was caused by the sale and the accreditation process, parents also expressed their views over issues regarding the future of the school. The following are representative of the major points raised in the survey.

- The ongoing development of and maintenance of facilities that include a building plan to address the needs for more classrooms, a swimming pool, an auditorium/hall and senior resource centre. Facilities were considered a major area of need in the school.
- The need to maintain staff and build confidence in the school's future. Parents also identified a need for improved communication and transparency to instil future certainty and regain confidence.
- Many other issues in relation to the school's operation were raised. Even though some of these issues had in the past been raised and discussed, without a formal P&F Association, there has been limited opportunity for discussion or resolution of such issues: e.g. uniform, pastoral care, discipline, curriculum offerings, learning support etc.
- Parents raised the subject of the level of fees and the level of debt within the school. Parents would have greater confidence in and work actively towards supporting the school's future with a public Business Plan and open financial reporting to parent bodies.
- Many issues regarding the constitution of a new School Board were raised. Among them were items such as: membership must include members of the school community with skills relevant to the Board's functioning; working parties need to be established; the status of the Head of School on the Board; the length of term and election of Board members; representation of the many diverse elements of the school's wider community and role in society.

Key Immediate Needs

Parents focused heavily on the following items which have a major bearing on the immediate future of the school after the sale. These include:

- Maintaining current staff
- Maintaining current leadership
- Establishment of a Parents & Friends Committee
- Communication, openness, accountability
- Setting up a Board that represents community and educational interests of school with Guiding Principles, a Code of Ethics and Code of Practice for action and accountability
- Long term strategic plans
- Knowing what long-term financial implications will result from the takeover of the school by another party.

Final Statement

Staff and parents alike look forward to creating a new sense of optimism and openness by working together with a well-credentialed, positively motivated new owner. We trust this Open Letter communicates issues relevant and pertinent to the acquisition of the Sunshine Coast Grammar School.

Should you have any queries in relation to these matters please do not hesitate to contact us either by mail: PO Box 246 Mooloolaba 4557, or by telephoning either Ian Brown 0412 077406 or Robyn Perrin 0438 446321.



Brian Bruce
Chairman
SCGS Acquisition Steering Committee

4 November 2003

OWNERSHIP UPDATE

Dear Parents and Staff

We seek to provide you with further information regarding the progress in the change of ownership of the school. As previously outlined we have engaged advisers to assist us in the process. The firm of William Buck (formerly Hall Chadwick) is handling the process and we have asked the Managing Director, Mr Greg Wanchap, with whom we liaise, to communicate that process to you. His letter accompanies this.

The Expressions of Interest close on Friday, November 7. A decision on the new owner is likely to occur within 28 days of closure of the Expressions of Interest. Our aim is to enable the school to commence operations for the 2004 school year under a new owner.

At this time we have been informed there are over thirty interested parties. These include sixteen from Queensland, five from NSW, four from Victoria and three from overseas. There are also three separate and distinct parent groups from within our school.

Each of these three groups can lay claim to having a degree of support from some members of the parent and staff bodies of the Sunshine Coast Grammar School. However, they differ in their approach. Each of the groups has been asked to respect the confidentiality of views of parents and staff and also the integrity of the process in place.

Representations cannot and should not be made by any single group that they represent the entire staff, parent or school body. It is our wish to have a unified and strong school, without divisiveness and we look forward to the cooperation of the groups involved to achieve this.

The large amount of interest from other entities may help in providing choice to enhance a quality outcome for our students and parents. At this time it is not possible to divulge the identity of the entities interested in our school, nor who the new owner is likely to be. However, as the founders of the school we are still passionate about its values and we seek the best outcome for our children and yours in this transition.

We will keep you informed of the progress.

s47(3)(b)

s47(3)(b)

William Buck

Business Advisors
Chartered Accountants

Formerly H&A Chartered

A LETTER TO SCGS PARENTS & STAFF

We have been asked to write to you by s47(3) and s47(3)(b) so you are informed about the process that is underway to effect a change of ownership of the Sunshine Coast Grammar School.

s47(3)(b) have told us that their preferred outcome as a result of a change in ownership would be for a new owner to be a school similar in ethos, philosophy and values to your school.

On 26 October we addressed separate meetings of staff and parents to provide initial information on the change of ownership of the school as well as answer questions and concerns – as best we were able to.

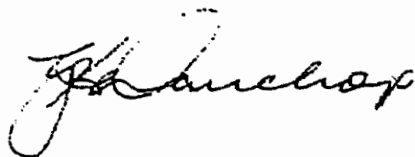
Following extensive discussions and planning, s47(3)(b) formally appointed William Buck on 7 October 2003 to facilitate a transfer of ownership of the school. Importantly, our instructions are to facilitate a change of ownership on the basis that the school will continue to operate as a school, and not for the purposes of some alternative use. We have been appointed exclusively to undertake the transfer of ownership through a structured and disciplined process of public tender. The process we are undertaking includes these key dates:

22 October	Advertising in national media
22 October	Electronic communication with 1500 education institutions nationally
7 November	Expressions of interest close
14 November	Shortlist of potential new owners
17 – 28 November	Due diligence by shortlisted potential new owners
2 December	Meeting (if required) with staff (3.30pm) and parents (7.30pm)
Early December	Possible consultation with Consultative Committee of staff and parents
Early December	Accept the most satisfactory proposal from potential new owner
December	Contractual arrangements finalised
January 2004	Change in ownership effected

The timing of communication with the school community will be governed by both timing and progress of the above key milestones as well as issues of confidentiality. However subject to these two factors we have been instructed by Mr and Mrs Burgess to communicate with the school community as soon as practicable.

To facilitate communication s47(3)(b) are seeking to invite a representative group from across the school community. The purpose of the committee will be to not only facilitate communication with the wider school community but also for the committee to act as a conduit to the school community as and when the need arises. This Consultative Committee will comprise members of the staff and parent body.

Yours sincerely
WILLIAM BUCK (QLD) PTY LTD
ARN 50 100 544 455



GREG WANCHAP
MANAGING DIRECTOR
4 November 2003

Level 1E, William Buck Centre, 120 Edward Street, Brisbane QLD 4000 Australia - GPO Box 726, Brisbane Qld 4001 Australia
Telephone (61 7) 3223 3555 • Facsimile (61 7) 3210 6163 • Email info@williambuck.com.au • Web www.williambuck.com.au
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22 OCT 2003

Unique Acquisition Opportunity

SUNSHINE COAST GRAMMAR SCHOOL - QUEENSLAND

Sunshine Coast Grammar School is one of Queensland's fastest growing and most successful independent schools. An opportunity now exists to acquire the school and its associated facilities.

With in excess of 1000 students, the school has achieved a reputation for commitment to excellence and outstanding educational outcomes from Preschool to Year 12.

Located within a demographic growth area of the fast growing Sunshine Coast region in South East Queensland, the existing 24 hectare site and an option to acquire an additional 8 hectares, will provide opportunity for future expansion of the existing comprehensive education facilities.

For general information about the school visit www.scgs.qld.edu.au

A detailed Information Memorandum is available to suitably qualified parties by submitting confidential expressions of interest in writing to:

Ross Patane, Director
William Buck
GPO Box 736
BRISBANE QLD 4001
Facsimile: (07) 3233 3667
Email: ross.patane@willambuckqld.com.au

Interested parties must submit written details of their financial capacity and ability to immediately meet the requirements of Queensland's Non-State Schools Accreditation Board in order to obtain an Information Memorandum.

Expressions of interest must be received by 7 November 2003.

 **William Buck**
Business Advisors
Chartered Accountants



Regards

John Somerset
Director - Education Services
William Buck
Business Advisors & Chartered Accountants

Level 16 William Buck Centre
120 Edward Street
Brisbane QLD 4000
GPO Box 736
Brisbane QLD 4001

Direct (61 7) 3233 3538
Phone (61 7) 3233 3555
Fax (61 7) 3233 3567
Mobile (61) 417 618899
EMail john.somerset@williambuckqld.com.au
Web <http://www.williambuck.com.au>

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PARSONS, Pat

From: VOGLER, Laurie
Sent: Wednesday, 22 October 2003 8:57 AM
To: PARSONS, Pat
Subject: FW: SCHOOL FOR SALE - UNIQUE ACQUISITION OPPORTUNITY

-----Original Message-----

From: John.Somerset@williambuckqld.com.au [mailto:John.Somerset@williambuckqld.com.au]
Sent: Wednesday, 22 October 2003 8:47 AM
To: undisclosed-recipients
Subject: SCHOOL FOR SALE - UNIQUE ACQUISITION OPPORTUNITY

The attached opportunity may be of interest to you.

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William Buck



Regards

John Somerset
Director - Education Services
William Buck
Business Advisors & Chartered Accountants

Level 16 William Buck Centre
120 Edward Street
Brisbane QLD 4000
GPO Box 736
Brisbane QLD 4001

Direct (61 7) 3233 3538
Phone (61 7) 3233 3555
Fax (61 7) 3233 3567
Mobile (61) 417 618899
EMail john.somerset@williambuckqld.com.au
Web <http://www.williambuck.com.au>

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PARSONS, Pat**From:** VOGLER, Laurie**Sent:** Wednesday, 22 October 2003 8:57 AM**22 OCT 2003****To:** PARSONS, Pat**Subject:** FW: SCHOOL FOR SALE - UNIQUE ACQUISITION OPPORTUNITY

-----Original Message-----

From: John.Somers@williambuckqld.com.au [mailto:John.Somers@williambuckqld.com.au]**Sent:** Wednesday, 22 October 2003 8:47 AM**To:** undisclosed-recipients**Subject:** SCHOOL FOR SALE - UNIQUE ACQUISITION OPPORTUNITY

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William Buck

Sun 19th Oct. 2003

P.4

Sunshine Coast Daily.

EDUCATION

Burgess in bid to sell elite school

Disgraced former head appoints advice team

By MARK FURLER

DISGRACED former Sunshine Coast Grammar School head John Burgess has appointed his own team of advisers to find a new owner for the college.

Mr Burgess, who was found unfit to be a teacher after a sexual relationship with a 13-year-old student 20 years ago, last week wrote to parents and staff saying he had rejected an offer by parents to buy the school from him.

Mr Burgess said he was determined to see the college "retain the philosophy, values and ethos which were imbued in the school from its foundation".

He said he was seeking an owner that had demonstrated experience, knowledge and background to provide sound leadership of the school.

"Obviously, this needs to be a thoughtful, measured, well-researched process and we take our responsibility in this regard most

seriously," he wrote in the letter. "Accordingly we have appointed independent advisers of the highest calibre in both legal and commercial areas to handle the process."

A national media schedule, and individual approaches to some 1500 education bodies Australia-wide, was being undertaken.

Expressions of interest from prospective buyers would be finalised by early November.

Ian Brown, of the Acquisition Steering Committee, said it would continue to work to secure a new owner for the school, despite its own offer not being accepted by Mr Burgess.

Mr Brown said he was disappointed with the rejection, saying the offer was fair and reasonable and had included a strong board of directors to continue the vision for the school. He said the offer had received strong support from teachers, parents and the school community.



CLEAR GOALS: Blind co-pilot Gerard Gos raise funds for the Royal Blind Foundati

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 William Buck
Business Advisors
Chartered Accountants
Formerly Hall Chadwick

facsimile

To: Laurie Vogler Date: 17 October 2003
Company: Non State Schools Accreditation Board Fax No: 3237 0004
From: Greg Wanchap No. of Pages: 2
C.C.: Our Ref: SCGS
Subject: SUNSHINE COAST GRAMMAR
SCHOOL

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Laurie

Please find enclosed a copy of the letter from s47(3)(b) to the school community (that is, parent groups and staff).

The letter was distributed yesterday.

Yours sincerely
WILLIAM BUCK (QLD) PTY LTD
ABN 56 106 244 455


GREG WANCHAP
PARTNER

17-OCT-2003 13:41

S.O.S.7 EXEC.OFFICE

61 7 3477 4491

P.01

15 October 2003

Dear Parents and Staff

We are taking the opportunity of writing to you to inform you of progress in the development of the Sunshine Coast Grammar School. As you are aware, it was the dream of our family to build a fine school for all our children and our total efforts and endeavours for over a decade have been focused upon achieving that dream.

We are proud of the school that has been built to educate and care for our children and the many fine educators we have brought to the school to guide them. However, since the change in our circumstances, it is our considered opinion that the best way for our great school to move forward is with a change of ownership.

In seeking to effect this, we wish to retain the philosophy, values and ethos which were imbued in the school from its foundation. Similarly, we seek an owner that has a demonstrated experience, knowledge and background to provide sound governance and structure as well as the financial capability to provide for the school's continued development well into the future.

Obviously, this needs to be a thoughtful, measured, well-researched process and we take our responsibility in this regard most seriously.

Accordingly, we have appointed independent advisers of the highest calibre in both legal and commercial areas to handle the process. Although they have already received several approaches, a national media schedule, as well as individual communication to some 1500 educational bodies Australia wide is being undertaken. Clearly, we want to secure the best outcome and opportunities for all members of our school family.

A group from the current school community submitted an offer to the Board of Directors that was then forwarded to us and our advisers. This offer was valid for a period of seven days. The acceptance period on this offer has elapsed and I understand it may be resubmitted under the prescribed guidelines that have been established to ensure that the selection process will deliver the best possible outcome for our school.

Expressions of interest from prospective buyers will be finalised by early November, followed by due diligence and associated procedures. Our sincere aim is to provide information to you on a change of ownership prior to the completion of the school year.

We believe that together with the appointment of a new Head of School, continued teaching excellence and the commitment and support of the school family, our school will successfully follow the path set for it at its inception.

s47(3)(b)

s47(3)(b)

 William Buck
Business Advisors
Chartered Accountants
Formerly Hall Chadwick

facsimile

To: Laurie Vogler Date: 17 October 2003
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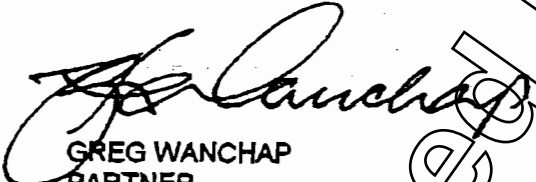
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We are proud of the school that has been built to educate and care for our children and the many fine educators we have brought to the school to guide them. However, since the change in our circumstances, it is our considered opinion that the best way for our great school to move forward is with a change of ownership.

In seeking to effect this, we wish to retain the philosophy, values and ethos which were imbued in the school from its foundation. Similarly, we seek an owner that has a demonstrated experience, knowledge and background to provide sound governance and structure as well as the financial capability to provide for the school's continued development well into the future.

Obviously, this needs to be a thoughtful, measured, well-researched process and we take our responsibility in this regard most seriously.

Accordingly, we have appointed independent advisers of the highest calibre in both legal and commercial areas to handle the process. Although they have already received several approaches, a national media schedule, as well as individual communication to some 1500 educational bodies Australia-wide is being undertaken. Clearly, we want to secure the best outcome and opportunities for all members of our school family.

A group from the current school community submitted an offer to the Board of Directors that was then forwarded to us and our advisers. This offer was valid for a period of seven days. The acceptance period on this offer has elapsed and I understand it may be resubmitted under the prescribed guidelines that have been established to ensure that the selection process will deliver the best possible outcome for our school.

Expressions of interest from prospective buyers will be finalised by early November, followed by due diligence and associated procedures. Our sincere aim is to provide information to you on a change of ownership prior to the completion of the school year.

We believe that together with the appointment of a new Head of School, continued teaching excellence and the commitment and support of the school family, our school will successfully follow the path set for it at its inception.

s47(3)(b)

s47(3)(b)

PO.BOX 3357
SOUTH BRISBANE, 4101,
QUEENSLAND, AUSTRALIA
TELEPHONE (07) 3248 9200
FACSIMILE (07) 3844 5774
WEB SITE: <http://www.somerville.qld.edu.au>
EMAIL: admin@somerville.qld.edu.au



A SCHOOL OF THE PRESBYTERIAN
AND METHODIST SCHOOLS' ASSOCIATION

TAX INVOICE / RECEIPT

ABN 72 347 198 980

Non States School Accreditation Board
P.O. Box 347
BRISBANE ALBERT STREET BC
QLD 4002

Invoice No	210814
Invoice Date	16 Sept 2003
Order No	
Account No	

Details	Amount	GST
Consultancy time spent by Dr M. J. Evans at the Sunshine Coast Grammar School 30 hours x \$150.00 per hour	4,500.00	450.00

BY:

GST Exclusive Total	4,500.00
GST Payable	450.00
GST inclusive Total	4,950.00

SOMERVILLE-HOUSE

EVANS EDUCATIONAL PTY LTD

(ABN 84 075 425 339)

INVOICE

Non State Schools Accreditation Board
PO Box 347
BRISBANE Albert Street BC 4002

Services rendered in meetings, consultations, assessment visits, formulation and submission of final report associated with the assessment of Sunshine Coast Grammar School

49 hours @ \$150 per hour

7350.00 ✓

Incidental outgoings, photocopying, mail and telephone

105.00 ✓

TOTAL DUE

\$7455.00 ✓

Terms for payment: 30 days

BY:

RECEIVED
23 SEP 2003

BY:

145 Brougham Street Fairfield Q 4103.
Telephone: 07 3844 2724

Email: jmev40xi@bigpond.net.au
Mobile 0412 115 420



Non-State Schools
Accreditation Board
Queensland Government

Good & Service Voucher

000020

Surname/Company (payee of cheque)

Given Name:

SOMERVILLE HOUSE

Postal Address (for cheque)

Number/Street

PO Box 3357

Suburb/Town

SOUTH BRISBANE

QLD

Post Code

4101

ID Number and position

Claimant's Certification

I certify that the amount claimed herein is due and payable to me for goods supplied, services rendered or works constructed as specified.

PAID
17 OCT 2003

Signature: _____

BY: _____

Date: _____

Designation: _____

Approval Certification

I certify that:

- The goods/services/works claimed herein were received/performed.
- Funds are available to meet the expenses
- Where an expense may incur Fringe Benefit Tax, an Entertainment/Expense declaration form has been completed
- The relevant prior approval is filed in this unit and is available for audit
- Purchase order has NOT been raised.
- This is a Tax Invoice as stipulated by ATO requirements:

Yes ☒ No ☐

Name: _____

ALAN SMITH

Signature: _____

Date: 17/10/03

Designation: _____

PRIVATE OFFICER

Approving Officer: _____

L. VOGEL Date: 17/10/03

File Reference Number: _____

Invoice Number: _____

Invoice Date: _____

Vendor Number: _____

Terms/Due Date: _____

Message: _____

Description	Total Inc GST	G/L Account	Cost Centre	Tax Code
Consultancy fee for Sophie Grant Grammar School - De Evans	4950-00			A1
Total \$	4950-00			



Goods & Services Voucher

000019

Surname/Company (payee of cheque)

Given Name:

EVANS EDUCATIONAL Pty LTD

Postal Address: (for cheque)

Number/Street 145 BROUGHAM STREET

Suburb/Town FAIRFIELD

QLD

Post Code

4103

ID Number and position

Claimant's Certification

I certify that the amount claimed herein is due and payable to me for goods supplied, services rendered or works constructed as specified.

FAIR
17 OCT 2003

BY: _____

Signature: _____

Date: _____

Designation: _____

Approval Certification

I certify that:

- The goods/services/works claimed herein were received/performed.
 - Funds are available to meet the expenses
 - Where an expense may incur Fringe Benefit Tax, an Entertainment Expense declaration form has been completed
 - The relevant prior approval is filed in this unit and is available for audit
 - Purchase order has NOT been raised.
- This is a Tax Invoice as stipulated by ATO requirements:

Yes ☐ No ☒

Name: ALAN SMITH

Signature: [Signature] Date: 17/10/03

Designation: FINANCE OFFICER

Approving Officer L. VOGEL Date: 17/10/03

File Reference Number: _____

Invoice Number:

Invoice Date:

Vendor Number

Terms/Due Date

Message

Description	Total Inc GST	G/L Account	Cost Centre	Tax Code
	7455-00			AW
Total \$	7455-00			

**NON STATE SCHOOLS ACCREDITATION BOARD
FEE SUMMARY SUNSHINE COAST GRAMMAR SCHOOL**

Date	Staff	Hours	\$	Detail
01-May-03	DWL	0.30	95.70	Review & sign letter re access to school
07-May-03	DWL	1.50	478.50	Review data
08-May-03	DWL	1.50	478.50	Review data
09-May-03	DWL	3.50	1,116.50	Initial meeting NSSAB
12-May-03	DWL	1.00	319.00	Draft initial work programs
14-May-03	DWL	1.50	478.50	Meeting with ME @ Sommerville
19-May-03	DWL	0.50	159.50	Prepare file for initial visit
21-May-03	DWL	8.00	2,552.00	First site visit
				Complete notes of first visit & read extensive
22-May-03	DWL	1.50	478.50	material regarding allegations
				Complete notes of first visit & read extensive
23-May-03	DWL	1.00	319.00	material regarding allegations
				Complete notes of first visit & read extensive
26-May-03	DWL	1.00	319.00	material regarding allegations
27-May-03	DWL	8.00	2,552.00	Second site visit
29-May-03	DWL	2.50	797.50	Complete notes of second visit
30-May-03	DWL	2.50	797.50	Complete notes of second visit
02-Jun-03	DWL	1.00	319.00	Complete notes of second visit
09-Jun-03	DWL	1.00	319.00	Work on initial report
10-Jun-03	DWL	2.50	797.50	Work on initial report
25-Jun-03	DWL	2.00	638.00	Work on second draft
26-Jun-03	DWL	2.00	638.00	Work on third draft
27-Jun-03	DWL	3.00	957.00	Meeting ME @ Sommerville
30-Jun-03	DWL	1.00	319.00	Work on fourth draft
		46.80	14,929.20	
08-May-03	AB	1.10	170.50	Prepare checklists & programs & set up file
09-May-03	AB	1.80	279.00	Prepare checklists & programs & set up file
15-May-03	AB	2.40	372.00	Prepare checklists & programs & set up file
		5.30	821.50	
Total WIP to 30 June 2003		52.10	15,750.70	Fee to date \$13,000
01-Jul-03	DWL	2.00	638.00	Work on draft 4
02-Jul-03	DWL	1.00	319.00	Meeting NSSAB re Crown Law issues
07-Jul-03	DWL	4.50	1,521.00	Meeting Deb re draft report & Crown Law issues
11-Jul-03	DWL	3.00	1,014.00	Meeting Deb re draft report & Crown Law issues
14-Jul-03	DWL	2.50	845.00	Draft 5A
15-Jul-03	DWL	3.50	1,183.00	Review & complete financial benchmarking
17-Jul-03	DWL	2.50	845.00	Draft 5B
22-Jul-03	DWL	2.50	845.00	Draft 5C
23-Jul-03	DWL	1.00	319.00	Draft 5C
28-Jul-03	DWL	2.50	845.00	Work on Draft 6
01-Aug-03	DWL	4.00	1,352.00	Draft 6
				Meeting NSSAB draft final report & draft
07-Aug-03	DWL	3.50	1,183.00	suitability letter
				Final draft report & suitability letter to Crown Law
08-Aug-03	DWL	3.50	1,183.00	& review & complete file
14-Aug-03	DWL	0.50	169.00	Tidy file
18-Aug-03	DWL	3.50	1,183.00	Finalise draft report & suitability letter & issue
Total WIP to 18 August 2003		40.00	13,520.00	Final fee \$16,300
Disbursements			29.30	
Total WIP		92.10	29,300.00	Total fee \$29,300.00 (excluding GST)

From: ROUT, Brian
Sent: Thursday, 16 October 2003 4:31 PM
To: PARSONS, Pat; VOGLER, Laurie; TABRETT, Leigh
Subject: FW: New Laws to Maintain Public Confidence in Grammar Schools - Qld. Media statement

For your info.
Note the reference to Sunshine Coast Grammar.
Brian

Education, Anna Bligh

16/10/03

New Laws to Maintain Public Confidence in Grammar Schools

The establishment and governance of the State's Grammar schools will have greater clarity under new laws passed by State Parliament today.

Education Minister Anna Bligh said the Grammar Schools and Other Legislation Amendment Act 2003 would maintain public confidence in grammar schools.

Ms Bligh said Queensland's eight Grammar schools which started operating between 1863 and 1892 have made an outstanding contribution to the education of young people.

"However, the environment in which these Grammar schools now operate is very different to when the Grammar Schools Act 1975 was drafted," Ms Bligh said.

"It is a much more competitive environment these days and higher standards of corporate governance apply.

"The changes to the Act will ensure Grammar schools are operating within a legislative framework that promotes the confidence of their communities and the public."

The laws passed today address three key concerns.

1. It will act on recommendations from the Department of Education's Public Benefit Test report that found the existing Grammar Schools Act was anti-competitive.

The provision in the old Act that requires proponents of new Grammar schools to raise \$100,000 towards the establishment of the school has been removed and replaced with other non-monetary criteria.

2. It will provide for the protection of the Grammar school name, and

3. It will provide greater clarity in relation to the Minister's powers in the event a Grammar school experiences serious financial difficulty.

Ms Bligh said the Act was reviewed by a committee of representatives from Grammar schools and the Department of Education, who unanimously recommended the changes. The Amendment was drafted following extensive consultation with interested parties.

"Grammar schools are different from other non-state schools in their form of governance. They are constituted as statutory bodies, whereas non-state schools are corporations," she said.

"Under the amended Act a Grammar school may be established by the Minister on the initiative of the community.

"Alternatively, a Grammar school may be established on the initiative of the Minister after inviting submissions from Grammar schools and the public. Under both methods there are a number of criteria to be met.

"The criteria will include whether a Grammar school is needed as opposed to another

type of non-state school and whether the proposed school will be reliant on state funding beyond that given to other non-state schools at comparable stages of development," she said.

"The community will be able to play a key role in seeking the establishment of financially viable and well-run schools that have been established on a fair and competitive basis, and which meet community needs."

Ms Bligh said the amendments would allow only those schools constituted under the Act to include "grammar" in their name.

"Previously, there was no legal protection regarding the use of the name 'grammar'," she said.

"Two exceptions will be recognised in the amendment Bill, Sunshine Coast Grammar and Anglican Church Grammar.

"They are not constituted under the Act, but legally have used the name "grammar" for a considerable period of time.

"The schools can continue to use the 'grammar' name provided the name or the operators of those schools do not change."

"However, in the case of the Sunshine Coast Grammar, it will be possible for the operator of the school to change in the next 12 months and continue using the 'grammar' name. This exception has been inserted as I understand there is some potential for the current operator of the school to change in the next few months."

The Bill also provides for a Grammar school board to notify the Minister when it becomes aware of significant concerns about a school's financial viability.

The Minister will be able to access information about the way a board is carrying out its functions, and to give a direction to a board if she considers it necessary to ensure the schools financial viability

She will have the power to appoint an administrator following consultation with a board of trustees if a board requests such an appointment, or if the schools accreditation is in jeopardy, or if the Minister believes the schools financial viability is at risk.

Other changes to be introduced under the Amendment Act include providing for boards to be given the power to make by-laws in relation to the election of its members.

Media Contact:

Shari Armistead

3235 4593

=====

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15 October 2003

Mr M D McColm
Sunshine Coast Grammar School Pty Ltd
C/- McColm Matsinger Lawyers
PO Box 737
Maroochydore Qld 4558

Dear Mr McColm

I refer to your letter (with attachments) of 14 October 2003 in which you raise a number of matters and seek an urgent meeting between the governing body of the Sunshine Coast Grammar School and the Non-State Schools Accreditation Board.

Most of the information provided relates to the governing body's financial relationship with the Commonwealth Bank. This is not a matter that directly involves the Accreditation Board.

The other matters raised in your letter appear to me to be for the information of the Accreditation Board and require no action by the Board at this time.

I have discussed your letter with the Chair of the Accreditation Board, Professor Webb, who agrees that there are no clear reasons to hold the meeting that you propose.

Yours sincerely

Mr Laurie Vogler
Director
Office of Non-State Education

COPY
RECORDS AWAY
13 OCT 2003

SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA



14 October 2003

RECEIVED
14 OCT 2003

BY:

URGENT

The Executive Director
Non-State Schools Accreditation Board
PO Box 347
BRISBANE ALBERT STREET BC 4002

FAXED
14/10/03

By Facsimile: 3237 9946 (17 pages)
Attention: Mr Laurie Vogler

Dear Sir

RE: SUNSHINE COAST GRAMMAR SCHOOL

I refer to the telephone conversations with Mr Laurie Vogler on 2 October and again last week.

I acknowledge that in response to my enquiries, the Board has determined that it does not intend to prioritise, define, limit or restrict the content of the Show Cause and Compliance Notices and awaits responses from the school within the allotted timeframe, namely, 7 November 2003.

I do also acknowledge the Board's statements that:-

- It does not want to remove accreditation from Sunshine Coast Grammar School; and
- It recognises that it may not be possible to rectify and change all issues raised by the Notices within the timeframe of 7 November 2003; and
- Provided the school's response demonstrates that measures have been taken that will ensure that each of the relevant issues are addressed and rectified within an appropriate timeframe, then this may be acceptable to your Board as at 7 November 2003; and
- Your Board has the power to extend the time for rectification of any outstanding issues under either the Show Cause or Compliance Notices.

As advised to Mr Vogler in our last conversation, the school is continuing to address all issues raised by the Notices. The directors, Dr Keith Tronc and school staff are spending a substantial amount of time and resources in continuing to address the matters raised by your Board and to prepare a full and comprehensive response to your Board to each of the Notices by 7 November 2003.

In respect of the desired change of ownership of the school, the firm of William Buck (formerly Hall Chadwick) have been instructed to manage this process within as short a timeframe as is possible. William Buck has now determined and commenced this process, full particulars of which shall be identified in the school's formal response to the notices shortly.

However, a matter has arisen consequent upon the issue of the notices by your Board that requires attention before 7 November 2003.

As a result of the issue of the Show Cause and Compliance Notices, the Commonwealth Bank has proceeded to act as if the school shall imminently default on its existing financial commitments to that bank.

The Commonwealth Bank has chosen to appoint an investigating accountant and solicitors to enquire into the operations of the school and intends that the school shall pay for these costs which are very substantial already and continue to mount at an alarming rate. The bank has advised that it has incurred costs in the few weeks between the issue of your notices in early September and the end of that month, to an amount of \$47,000. The bank is unable to estimate or provide any detail as to what these ongoing costs to the school will be, however, it continues to instruct these consultants.

The school has a very substantial trading history with the Commonwealth Bank which has been its financier since inception. During the whole of that time, the school has not failed to make any single payment as and when it was due to that bank.

During recent years, the bank has charged interest rates and imposed repayment schedules on the school that have increased the financial burden to an extent that one would not expect in such a bank-customer relationship. The result has been that a huge amount of financial resources of the school have been diverted away from expenditure on education services.

The degree of financial burden imposed on the school by the CBA is noted by your board's assessors in their report and letter.

Notwithstanding this, the school has done its best to both meet the Commonwealth Bank's demands and apply its remaining available financial resources to school matters.

The four month assessment by your Board of the school and the resources required to be expended as a result of the issue of the Show Cause and Compliance Notices came at a time when there were other extraordinary school expenses required – namely the appointment of a new Head of School. While these issues placed further budgetary challenges, strategies had been put in place to achieve the necessary outcomes.

The school continues to operate as a viable entity and to meet the debts incurred at the school as and when they fall due. Enrolment figures indicate a strong commencement position for 2004.

However, the actions of the Commonwealth Bank that are based solely and directly upon the Show Cause and Compliance Notices issued by your Board, have the potential to rapidly incur such additional financial burden on the school so as to make it insolvent at some time in the near future.

I am enclosing with this letter a copy of recent correspondence with the Commonwealth Bank, being:-

1. letter from Commonwealth Bank dated 15 September 2003;
2. letter to Commonwealth Bank dated 22 September 2003;
3. letter from Commonwealth Bank dated 3 October 2003;
4. letter to Commonwealth Bank dated 13 October 2003.

This is such a serious matter that the directors of the school believe that in the interests of the students, staff and parents of Sunshine Coast Grammar School, there should be an immediate and urgent meeting held with the school directors and the Non-State Schools Accreditation Board. We also believe that at that meeting it would be most helpful to have the assessors, Dr Murray Evans and Mr Don Langdon, present.

I am therefore requesting such a meeting as a matter of urgency and would be pleased to receive your like response.

Yours faithfully
Sunshine Coast Grammar School

Chairman

Released under the
RTI Act by DET

Commonwealth Bank

Commonwealth Bank of Australia
ACN 123 123 124

Group Risk Management
Credit Management Unit

Level 8
240 Queen Street
BRISBANE QLD 4000
Australia

GPO Box 1423
BRISBANE QLD 4001

Telephone (07) 3237 3771
Facsimile (07) 3237 3608
DX 309 Brisbane (4093 001)
Internet: www.commbank.com.au
Email: mortimb@cba.com.au

Mr Malcolm McColm
Director
Sunshine Coast Grammar School Pty Ltd
C/- McColm Matsinger Lawyers
PO Box 737
MAROOCHYDORE QLD 4558

15 September 2003

Dear Sir

Sunshine Coast Grammar School Pty Ltd

I refer to the meeting on 5 September 2003 between the Bank and each of the directors, and to my meeting with Stephen Beebe on 9 September 2003. The Bank is concerned by a number of the matters of which it has been informed regarding Sunshine Coast Grammar School Pty Ltd (the **School**). As the Bank is not aware of which of the directors of the School is the chairman of the board, I have written to you and forwarded a copy of this letter to your co-directors.

Some of the concerns of the Bank are as follows:

1. Insolvent Trading

At the meeting on 5 September 2003, I was provided with a copy of the cashflow projections prepared by Stephen Beebe. The cashflows reveal an anticipated cash shortfall as at 31 December 2003 of approximately \$300,000.00. Furthermore, due to various other factors including that the finance lease is unlikely to proceed, I note the comments by Mr Beebe that the anticipated cash shortfall could be approximately \$400,000.00.

In this regard, please note that the Bank will not allow any excess above the overdraft limit and that any drawings exceeding this amount would be returned.

Plainly, in the event that the School is aware that it is unlikely to be able to maintain its financial affairs within the extent of its current facilities (including the \$200,000.00 overdraft maintained with the Bank), the Bank is concerned that the School is presently unable to pay its debts as and when they fall due. If that is the case, that fact

would have an obvious impact upon the directors of the School who could have an exposure to the School or its creditors (including the Bank) in any subsequent liquidation of the School. Ultimately, this is a matter for the directors individually who may wish to consider their position in relation to this issue and/or obtain independent legal advice.

In the meantime, would you please inform the Bank of the basis upon which the School claims that, having regard to the current cashflow projections, it is able to meet its debts as and when they fall due.

2. Resignation of Stephen Beebe

A matter related to the solvency of the School is the stated intention of Stephen Beebe to resign as a director in November 2003. Given the role which Mr Beebe plays in managing the financial affairs of the School and the significant time commitment which this role requires, would you please inform the Bank:-

- (a) if the role of Mr Beebe is to be assumed by one of the current directors, which director that will be;
- (b) if the role of Mr Beebe is to be filled from outside of the members of the board, the steps taken by the directors to date with a view to replacing Mr Beebe and the set of skills which Mr Beebe contributed in terms of the School's management.

3. Payments to the s47(3)(b) Interests

I have recently been provided with a copy of a bank reconciliation which shows that the School is continuing to pay money to s47(3)(b) s47(3)(b) or persons associated with s47(3)(b) Would you please inform the Bank of:-

- (a) the basis for each of the payments which the School has made to s47(3)(b) or persons associated with s47(3)(b) since 1 January 2003. If the payments are said to be in respect of a loan, please provide full details of the terms and conditions of the loan;
- (b) the amount and dates of each of the relevant payments;

- (c) whether the directors have authorised each of these payments or whether the payments have been authorised by s47(3)(b) in her role as the Administration Manager.

4. Discussions with NSSAB

The Bank has held discussions with the Non-State Schools Accreditation Board (the **NSSAB**) in connection with the show cause notice dated 2 September 2003. It is apparent to the Bank from those discussions that the NSSAB considers that, in its lengthy discussions with you in advance of the show cause notice being issued, it informed you that, and expected that you would report to the other members of the board that, a resolution to the issue of s47(3)(b) involvement in the School would significantly assist the School in having the show cause notice withdrawn.

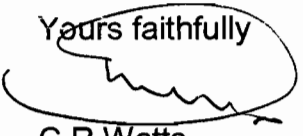
With respect, the Bank does not consider that the tenor of the discussions between you and the NSSAB was fully conveyed to the Bank in the meeting on 5 September 2003. The Bank assumes that this was an oversight on your part and on the part of the other members of the board.

Finally, the Bank has been informed that the NSSAB discussed with you, at some length, that it did not propose to disclose the nature and contents of the show cause notice other than to the board of directors of the School. The Bank understands that NSSAB proposed to take that course to enable an efficient resolution to the issue of s47(3)(b) involvement in the School without causing any unnecessary harm to the School or stress to the school community, including the teachers, students and parents.

Against that background, the Bank queries why you chose to inform the school community of the show cause notice and why you requested the co-principals to send to the school community a letter which outlined certain of the findings of the NSSAB. The Bank can only assume that your decision in that regard significantly contributed to the volatility of the school community to which you referred in the meeting on 5 September 2003. Would you please let us have your comments regarding this matter.

The Bank looks forward to receiving your response to each of the matters referred to above as soon as possible.

Yours faithfully


C R Watts
Executive Manager
Credit Management

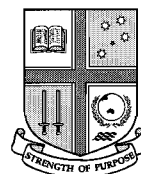
cc Mr Stephen Beebe
Mr Ross Johnston
Mr Bill Brewer

BP/p1bm1045

Released under the
RTI Act by DET

SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA



Date: 22 September 2003

PRIVATE & CONFIDENTIAL

Mr CR Watts
The Executive Manager
Credit Management
Commonwealth Bank
GPO Box 1423
BRISBANE 4001

Dear Sir

RE: SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

I acknowledge receipt of your letter of 15 September 2003.

In response to the concerns raised by the Bank, I advise:-

1. Insolvent Trading

The content of your letter in this regard is predicated upon cash flow projections supplied to you at the meeting of 5 September. Your letter does not refer to the additional information supplied to your bank together with those cash flows, namely, an email circulated to directors which noted:-

- that the projections were a preliminary trial to predict the cash balances at year end;
- with management, the cash position is expected to be improved.

Firstly, it should be noted that the cash flow projections are intended to be conservative. Some items may be more favourable than projected. For example, the Commonwealth Government grants are estimated to include an indexation component of 2.5%. In the previous year, the actual increase was 5.2%. Precisely what the actual increase will be shall not be known until publication of details next month.

I recall that at the meeting with you on 5 September, Mr Stephen Beebe stated:-

- The year end cash position will require management – a situation exacerbated by the inability to commit to a new equipment lease. However, as we are still over three months from the end of the year, such management can and shall occur; and
- Normal operations of the school would also include some payment of 2004 fees before the end of this year which would also contribute to an improved cash position.

The school continues to work on both the revising of cash flow projections and management of expenditure. To enable it to accurately assess the former, we need to receive from your bank accurate information regarding the additional costs the school shall be meeting as a result of your bank's appointment of advisors. Please supply this.

Following the board meeting held on 5 September 2003, the Executive were instructed to cease all capital expenditure other than one necessary item with the cost of \$27,000.

As you are aware, the school presently maintains with your bank a cash deposit of well in excess of \$1 million to meet the current trading needs in addition to the approved overdraft facility of \$200,000.

The insensitive title to, and much of the content of this portion of your letter is predicated upon "an event" that has not happened.

The directors expect that the updating of the cash flow projections and management of expenditure will result in improvements to the year end cash position.

2. **Resignation of Stephen Beebe**

Mr Beebe has not tendered his resignation, nor has he set a date on which that shall occur.

I have discussed this aspect with Mr Beebe since receipt of your letter and he advises that his comments to the bank in this regard have been taken out of context.

Rather than making a statement that he would be resigning from the Board at a given time, he was seeking a response from the Commonwealth Bank, that given the NSSAB assessor's suggestion of a lack of independence, would your bank prefer that Mr Beebe resigns as a director. If your bank has an opinion on this question, we would be pleased to hear a response.

In light of the above comments, it is inappropriate and unnecessary to respond to the two questions contained in your letter in this regard.

3. **Payments to the s47(3)(b) Interests**

In this regard, I would like you to note that the provision and disclosure of this information to the bank has not been a "recent" event. Your bank receives a copy of the bank reconciliation every quarter, and the previous report supplied as at 30 June 2003 showed the relevant payments to s47(3)(b)
s47(3)(b)

In response to your specific enquiries, I advise:-

- (a) It would appear that you are referring to fees paid in respect of the provision for bank guarantees. Such payments have historically been made by the school to guarantors who have supported and assisted the school's financial facilities. The basis of the calculation was that on the advice of Brett Gordon of CBA, the s47(3)(b) security resulted in

interest rate reductions to the school of between .8% and 1.4%. .8% was adopted in the calculation of these fees.

(b) The amounts and dates of the relevant payments are:-

- 2 May 2003 - \$21,840;
- 5 June 2003 - \$5,560;
- 5 June 2003 - \$5,460;
- 23 July 2003 - \$10,920.

(c) I am advised that all relevant cheques were signed by Mr Stephen Beebe and Mr Craig Hardman. However, I have not been able to sight the actual cheques since receipt of your letter now under reply.

4. Discussions with NSSAB

It is true that at the request of NSSAB discussions were held between myself, Professor Roy Webb, Mr Laurie Vogler and a representative of Crown Law during the week preceding the issue of the notices by that body.

At the express request of the NSSAB, those discussions were on an entirely confidential and without prejudice basis.

I made specific reference to this meeting and to the "without prejudice" nature of the discussions when the board met with you on 5 September. I specifically recall discussions with Mr Rankin on that day in which it was agreed that this issue of ownership was of a very major concern to the State Government and NSSAB.

It therefore comes as some surprise that Mr Watts did not identify what I had said to the meeting on 5 September 2003. There was no "oversight" on my part or on the part of the other members of the board.

Furthermore, the written notices and advices received from NSSAB do not state that a transfer of ownership of the school "would significantly assist the school in having the Show Cause Notice withdrawn". In the absence of other written guidance by NSSAB, the directors have to expect that the notices mean what they say and require compliance in all respects.

So far as your queries as to why information was given to the school community of the Show Cause and Compliance Notices, I can only say that the content of your letter now under reply indicates that you have not had an appreciation of the awareness and attitude of the school community in respect of the NSSAB assessment.

The school community has been very much aware of the process of assessment of the school by the NSSAB since the Education Minister Anna Bligh stood up in State Parliament and announced the assessment in May. Staff and parents have been very concerned regarding the process, the report and the effect it would have on the future of the school.

Commonwealth Bank

22 September 2003

In the directors' judgment, with which I concur completely, it was essential to notify the school community of the important nature of the notices received. This was done by my letter to the school community dated 3 September 2003, a copy of which is attached for your reference.

If that letter had not been sent, the negative reverberations and rumours throughout the school community would have been extremely damaging.

You also refer to:-

"... why you requested the co-principals to send to the school community a letter which outlined certain of the findings of the NSSAB."

This request has never been made by the Board. The co-principals as the executive chose themselves to forward a letter to the school community seeking to reassure the parents that the issues raised by the NSSAB notices would be satisfactorily addressed and that the school would function effectively in the meantime.

The volatility of the school community referred to in your letter is not something which occurred this month after the issue of the NSSAB notices. It has been a developing phenomenon since s47(3)(b) received notice from the Board of Teacher Registration in May 2002. There is no evidence to support a statement that the attached letter contributed to the volatility in any manner, but rather had the opposite effect.

Other Matters

Also flowing from the NSSAB Show Cause Notice and associated documentation are issues that can only be addressed by the Commonwealth Bank, but which are not referred to in your correspondence.

The interest rates and repayments demanded by the Commonwealth Bank from the Sunshine Coast Grammar School in recent years have been excessive. The result has been to strip the school of the cash flow that would otherwise have been directed towards the payment of salaries, resources, library and other improvements. Your bank's harsh and unbending attitude over many years, despite requests from the directors to the contrary, has contributed to many of the issues now raised by the NSSAB assessors and the resultant notices. This situation is particularly highlighted in the Assessors' Report at Clause 5.2.

One of the great challenges that we face in responding to these notices is the issue of financial viability and the time exists immediately for the bank to redress this long outstanding issue.

Sunshine Coast Grammar School Pty Ltd has during the whole of its relationship with the Commonwealth Bank never failed to make a payment of money as and when it fell due.

However, your bank has been treating the Sunshine Coast Grammar School account now for many years as an Asset Management account imposing punitive interest rates and repayment provisions.

Commonwealth Bank

22 September 2003

I therefore make a further request for the bank to immediately review applicable interest rates and repayment requirements on all school facilities with a view to bringing them into line with similar rates that your bank would supply to a good client that has not made default in many years of borrowing.

I request your response in respect to the above as a matter of urgency.

Yours faithfully

Malcolm McColm
Chairman

Enc

Released under the
RTI Act by DET

Mr Malcolm McColm
Director
Sunshine Coast Grammar School Pty Ltd
C/- McColm Matsinger Lawyers
PO Box 737
MAROOCHYDORE QLD 4558

3 October 2003

Dear Sir

I refer to your letter dated 22 September 2003 and note your comments contained therein.

The costs incurred to 30 September 2003 as a result of the Bank's appointment of an Investigating Accountant (IA) are approximately \$47,000, including legal costs.

I am unable to provide you with a firm estimate of all up costs, as final costs will be determined on the level of the IA's ongoing involvement until the current issues impacting on the school, including those matters arising from the issue of the show cause notice, have been resolved by the Board to the Bank's satisfaction.

To assist Mr Richards in his role, I request that the school provide and forward the following reports to him on a weekly basis, commencing from 10 October 2003:

- A report which relates, by year (that is; pre-school to Year 12), the number of students in each class now, the number of students confirmed in each class for the first week of term one 2004, and the reasons for any change, week to week.
- A report which relates, by year (that is; pre-school to Year 12), the number of teachers employed now, the number of teachers confirmed as employed for the first week of term one 2004, and the reasons for any change, week to week.

The issue of interest rates has been previously addressed but to recap, the interest rates applied to the various loans are not 'default' rates. The level of pricing on all variable rate facilities reflects the Bank's perceived risk in continuing provision of banking facilities to the school.

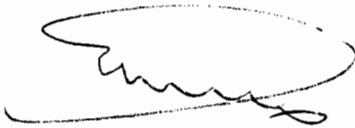
You will recall that when the school's facilities were restructured in February pricing was reduced from the then current variable rate of 11.20% per annum to 9.25% per annum.

Clearly the current developments affecting the school have increased the credit risk but, at this stage, the Bank has elected not to review pricing. Nevertheless, in terms of the Usual Terms and Conditions of the facilities, the Bank reserves the right to vary the interest rates applied to the loans.

The Bank is prepared to discuss possible restructuring of facilities provided the school can demonstrate compliance with the show cause notice and ongoing viability.

In that regard, please advise what steps the Board is taking to address the issues raised in the show cause notice, in particular those relating to the school's governing body.

Yours faithfully



C R Watts
Executive Manager
Credit Management

BP/sungramm directors

Released under the
RTI Act by DE

SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA

Date: 13 October 2003



PRIVATE & CONFIDENTIAL

Mr CR Watts
The Executive Manager
Credit Management
Commonwealth Bank
GPO Box 1423
BRISBANE 4001

Dear Sir

RE: SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

I refer to your letter of 3 October 2003 received in the mail from you on 8 October 2003.

I note with pleasure that the bank is prepared to be flexible in its customer relationship with the school and is prepared to discuss restructuring of facilities subject to reasonable preconditions.

However, the opening paragraphs of your letter do give me cause for great concern.

It would appear that solely as a result of a detailed investigation by the Non-State School's Accreditation Board and pending the outcome of the response by the school to the issued notices, your bank has voluntarily elected to appoint an investigating accountant and solicitors who in a matter of weeks incurred costs to 30 September of \$47,000 and who are continuing to incur costs to an amount that you are unable to estimate or provide.

Despite the fact that the Sunshine Coast Grammar School has never defaulted in any single repayment of moneys to the Commonwealth Bank through an extensive trading history, you are seeking to put these substantial expenses to the account of the school. I understand that without even the courtesy of production of an invoice, you have since your letter debited the school's account with some \$15,600 in respect of the bank's legal expenses.

I would be pleased if you would kindly supply to me, as soon as possible:-

- The basis of your bank's legal authority to pass these bank incurred expenses onto the customer; and
- A copy of the invoices received by the bank in respect of the expenses being debited, and showing the full detail of the services provided to your bank by each respective consultant.

Your bank is aware of the fact that Sunshine Coast Grammar School does not have an excess of financial resources. Your bank should also be aware that one of the significant reasons for this is due to the terms and conditions that have been imposed on the customer by your bank over many years.

Your bank should also be acutely aware that many of the items of concern raised by the Non-State School's Accreditation Board and its assessors are directly a result of the above facts, and the resultant inability to direct appropriate expenditure to education services.

In these circumstances, it is extraordinary that the bank would seek to burden its customer with extraordinary and substantial additional expense, the result of which is unlikely to produce any further significant information by retracing the steps of eminently qualified NSSAB assessors over the previous five months. Further, the imposition on the school of these bank incurred expenses may well directly affect the school's solvency at some time in the future.

Please note that the school takes the strongest possible objection to this action by a bank that has been holding itself out during the past few days as being receptive to customer needs and sensitive to the bank customer relationship.

Despite these challenges to the cash flow, the school continues to perform well and can certainly meet the debts incurred at the school as and when they fall due. Projected enrolment figures, based upon conservative but actual factors, indicate a strong commencement for 2004.

As regards Mr Richards' role and the requested information, this shall be supplied to him on a weekly basis.

Turning to your advice in respect of interest rates, I note that you do acknowledge restructuring of school facilities in February to an interest rate of 9.25% per annum. However, your letter fails to recognise or address that half of the school's debt is currently under bank conditions that impose an interest rate of 12.5% and that despite a plethora of requests by the directors over many years, your bank has continued to impose interest rates and repayment schedules that would only be described by an objective commentator as punitive.

The bank knows that Sunshine Coast Grammar School has through 2003 had to meet substantial unexpected expenses that have been incurred by matters beyond the director's control and that this fact has created cash flow challenges to the school.

The Commonwealth Bank has the power to recognise and grant relief to the customer in these circumstances to ease the financial burden during this extraordinary time.

To this end, I hereby make request for the Commonwealth Bank to:-

1. reverse all charges to the school for bank incurred expenses;
2. refrain from imposing any justifiable bank incurred charges on the school until February 2004; and
3. grant a three month moratorium on all payments due by the school to the Commonwealth Bank effective on and from 1 November 2003.

13 October 2003

The result of the repayment moratorium, if granted, would be to extend the term of the existing facilities for an insignificant period but would enable the customer to deal with the increased financial burdens resulting from the NSSAB action and the need to appoint a new Head of School for 2004.

In light of the flexibility referred to in the penultimate paragraph of your letter of 3 October, I request a meeting between the bank and the directors of the school to enable this request and future financial relationship of the school with the Commonwealth Bank to be more fully discussed.

In respect of the responses to the NSSAB issued notices, we advise that all issues raised by the notices are being addressed. Dr Keith Tronc has spent a substantial time and is continuing to prepare full and comprehensive responses to each of the notices.

The school has been liaising with the Non-State School's Accreditation Board who have recognised that because of the timeframes involved, rectification and compliance with all issues may not be capable of being achieved by 7 November. The NSSAB acknowledge that a satisfactory response to the notices on some issues may involve a demonstration of the fact that the school is addressing the issues which shall then be rectified within an acceptable timeframe.

In respect of the action being taken to address a change of ownership of the school, I am attaching a copy of correspondence with William Buck detailing the processes that have been embarked upon. The Non-State School's Accreditation Board have been kept informed of this action and have verbally demonstrated a degree of comfort and acceptance of this action.

In view of all the circumstances, I would be pleased to receive your response to the content of this letter as soon as possible.

Yours faithfully

Malcolm McColm
Chairman

Released under RTI Act 2009



15 October 2003

Mr M D McColm
Sunshine Coast Grammar School Pty Ltd
C/- McColm Matsinger Lawyers
PO Box 737
Maroochydore Qld 4558

Dear Mr McColm

I refer to your letter (with attachments) of 14 October 2003 in which you raise a number of matters and seek an urgent meeting between the governing body of the Sunshine Coast Grammar School and the Non-State Schools Accreditation Board.

Most of the information provided relates to the governing body's financial relationship with the Commonwealth Bank. This is not a matter that directly involves the Accreditation Board.

The other matters raised in your letter appear to me to be for the information of the Accreditation Board and require no action by the Board at this time.

I have discussed your letter with the Chair of the Accreditation Board, Professor Webb, who agrees that there are no clear reasons to hold the meeting that you propose.

Yours sincerely

Mr Laurie Vogler
Director
Office of Non-State Education

COPY
RECORDS AWAY
15 OCT 2003

SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA



14 October 2003

RECEIVED
15 OCT 2003

BY:.....

URGENT

The Executive Director
Non-State Schools Accreditation Board
PO Box 347
BRISBANE ALBERT STREET BC 4002

FAXED
14/10/03

By Facsimile: 3237 9946 (17 pages)
Attention: Mr Laurie Vogler

Dear Sir

RE: SUNSHINE COAST GRAMMAR SCHOOL

I refer to the telephone conversations with Mr Laurie Vogler on 2 October and again last week.

I acknowledge that in response to my enquiries, the Board has determined that it does not intend to prioritise, define, limit or restrict the content of the Show Cause and Compliance Notices and awaits responses from the school within the allotted timeframe, namely, 7 November 2003.

I do also acknowledge the Board's statements that:-

- It does not want to remove accreditation from Sunshine Coast Grammar School; and
- It recognises that it may not be possible to rectify and change all issues raised by the Notices within the timeframe of 7 November 2003; and
- Provided the school's response demonstrates that measures have been taken that will ensure that each of the relevant issues are addressed and rectified within an appropriate timeframe, then this may be acceptable to your Board as at 7 November 2003; and
- Your Board has the power to extend the time for rectification of any outstanding issues under either the Show Cause or Compliance Notices.

As advised to Mr Vogler in our last conversation, the school is continuing to address all issues raised by the Notices. The directors, Dr Keith Tronc and school staff are spending a substantial amount of time and resources in continuing to address the matters raised by your Board and to prepare a full and comprehensive response to your Board to each of the Notices by 7 November 2003.

In respect of the desired change of ownership of the school, the firm of William Buck (formerly Hall Chadwick) have been instructed to manage this process within as short a timeframe as is possible. William Buck has now determined and commenced this process, full particulars of which shall be identified in the school's formal response to the notices shortly.

However, a matter has arisen consequent upon the issue of the notices by your Board that requires attention before 7 November 2003.

As a result of the issue of the Show Cause and Compliance Notices, the Commonwealth Bank has proceeded to act as if the school shall imminently default on its existing financial commitments to that bank.

The Commonwealth Bank has chosen to appoint an investigating accountant and solicitors to enquire into the operations of the school and intends that the school shall pay for these costs which are very substantial already and continue to mount at an alarming rate. The bank has advised that it has incurred costs in the few weeks between the issue of your notices in early September and the end of that month, to an amount of \$47,000. The bank is unable to estimate or provide any detail as to what these ongoing costs to the school will be, however, it continues to instruct these consultants.

The school has a very substantial trading history with the Commonwealth Bank which has been its financier since inception. During the whole of that time, the school has not failed to make any single payment as and when it was due to that bank.

During recent years, the bank has charged interest rates and imposed repayment schedules on the school that have increased the financial burden to an extent that one would not expect in such a bank-customer relationship. The result has been that a huge amount of financial resources of the school have been diverted away from expenditure on education services.

The degree of financial burden imposed on the school by the CBA is noted by your board's assessors in their report and letter.

Notwithstanding this, the school has done its best to both meet the Commonwealth Bank's demands and apply its remaining available financial resources to school matters.

The four month assessment by your Board of the school and the resources required to be expended as a result of the issue of the Show Cause and Compliance Notices came at a time when there were other extraordinary school expenses required – namely the appointment of a new Head of School. While these issues placed further budgetary challenges, strategies had been put in place to achieve the necessary outcomes.

The school continues to operate as a viable entity and to meet the debts incurred at the school as and when they fall due. Enrolment figures indicate a strong commencement position for 2004.

However, the actions of the Commonwealth Bank that are based solely and directly upon the Show Cause and Compliance Notices issued by your Board, have the potential to rapidly incur such additional financial burden on the school so as to make it insolvent at some time in the near future.

I am enclosing with this letter a copy of recent correspondence with the Commonwealth Bank, being:-

1. letter from Commonwealth Bank dated 15 September 2003;
2. letter to Commonwealth Bank dated 22 September 2003;
3. letter from Commonwealth Bank dated 3 October 2003;
4. letter to Commonwealth Bank dated 13 October 2003.

This is such a serious matter that the directors of the school believe that in the interests of the students, staff and parents of Sunshine Coast Grammar School, there should be an immediate and urgent meeting held with the school directors and the Non-State Schools Accreditation Board. We also believe that at that meeting it would be most helpful to have the assessors, Dr Murray Evans and Mr Don Langdon, present.

I am therefore requesting such a meeting as a matter of urgency and would be pleased to receive your like response.

Yours faithfully
Sunshine Coast Grammar School


Chairman

Released under the
RTI Act by DET

SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA

Date: 13 October 2003



PRIVATE & CONFIDENTIAL

Mr CR Watts
The Executive Manager
Credit Management
Commonwealth Bank
GPO Box 1423
BRISBANE 4001

Dear Sir

RE: SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

I refer to your letter of 3 October 2003 received in the mail from you on 8 October 2003.

I note with pleasure that the bank is prepared to be flexible in its customer relationship with the school and is prepared to discuss restructuring of facilities subject to reasonable preconditions.

However, the opening paragraphs of your letter do give me cause for great concern.

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Despite the fact that the Sunshine Coast Grammar School has never defaulted in any single repayment of moneys to the Commonwealth Bank through an extensive trading history, you are seeking to put these substantial expenses to the account of the school. I understand that without even the courtesy of production of an invoice, you have since your letter debited the school's account with some \$15,600 in respect of the bank's legal expenses.

I would be pleased if you would kindly supply to me, as soon as possible:-

- The basis of your bank's legal authority to pass these bank incurred expenses onto the customer; and
- A copy of the invoices received by the bank in respect of the expenses being debited, and showing the full detail of the services provided to your bank by each respective consultant.

Your bank is aware of the fact that Sunshine Coast Grammar School does not have an excess of financial resources. Your bank should also be aware that one of the significant reasons for this is due to the terms and conditions that have been imposed on the customer by your bank over many years.

Your bank should also be acutely aware that many of the items of concern raised by the Non-State School's Accreditation Board and its assessors are directly a result of the above facts, and the resultant inability to direct appropriate expenditure to education services.

In these circumstances, it is extraordinary that the bank would seek to burden its customer with extraordinary and substantial additional expense, the result of which is unlikely to produce any further significant information by retracing the steps of eminently qualified NSSAB assessors over the previous five months. Further, the imposition on the school of these bank incurred expenses may well directly affect the school's solvency at some time in the future.

Please note that the school takes the strongest possible objection to this action by a bank that has been holding itself out during the past few days as being receptive to customer needs and sensitive to the bank customer relationship.

Despite these challenges to the cash flow, the school continues to perform well and can certainly meet the debts incurred at the school as and when they fall due. Projected enrolment figures, based upon conservative but actual factors, indicate a strong commencement for 2004.

As regards Mr Richards' role and the requested information, this shall be supplied to him on a weekly basis.

Turning to your advice in respect of interest rates, I note that you do acknowledge restructuring of school facilities in February to an interest rate of 9.25% per annum. However, your letter fails to recognise or address that half of the school's debt is currently under bank conditions that impose an interest rate of 12.5% and that despite a plethora of requests by the directors over many years, your bank has continued to impose interest rates and repayment schedules that would only be described by an objective commentator as punitive.

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To this end, I hereby make request for the Commonwealth Bank to:-

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13 October 2003

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In respect of the action being taken to address a change of ownership of the school, I am attaching a copy of correspondence with William Buck detailing the processes that have been embarked upon. The Non-State School's Accreditation Board have been kept informed of this action and have verbally demonstrated a degree of comfort and acceptance of this action.

In view of all the circumstances, I would be pleased to receive your response to the content of this letter as soon as possible.

Yours faithfully

Malcolm McColl
Chairman

Released Under RTI Act

Commonwealth Bank

Commonwealth Bank of Australia
ACN 123 123 124

Group Risk Management
Credit Management Unit

Level 8
240 Queen Street
BRISBANE QLD 4000
Australia

GPO Box 1423
BRISBANE QLD 4001

Telephone (07) 3237 3771
Facsimile (07) 3237 3608
DX 309 Brisbane (4093 001)
Internet: www.commbank.com.au
Email: mortimb@cba.com.au

Received
8/10/03

Mr Malcolm McColm
Director
Sunshine Coast Grammar School Pty Ltd
C/- McColm Matsinger Lawyers
PO Box 737
MAROOCHYDORE QLD 4558

3 October 2003

Dear Sir

I refer to your letter dated 22 September 2003 and note your comments contained therein.

The costs incurred to 30 September 2003 as a result of the Bank's appointment of an Investigating Accountant (IA) are approximately \$47,000, including legal costs.

I am unable to provide you with a firm estimate of all up costs, as final costs will be determined on the level of the IA's ongoing involvement until the current issues impacting on the school, including those matters arising from the issue of the show cause notice, have been resolved by the Board to the Bank's satisfaction.

To assist Mr Richards in his role, I request that the school provide and forward the following reports to him on a weekly basis, commencing from 10 October 2003:

- A report which relates, by year (that is; pre-school to Year 12), the number of students in each class now, the number of students confirmed in each class for the first week of term one 2004, and the reasons for any change, week to week.
- A report which relates, by year (that is; pre-school to Year 12), the number of teachers employed now, the number of teachers confirmed as employed for the first week of term one 2004, and the reasons for any change, week to week.

The issue of interest rates has been previously addressed but to recap, the interest rates applied to the various loans are not 'default' rates. The level of pricing on all variable rate facilities reflects the Bank's perceived risk in continuing provision of banking facilities to the school.

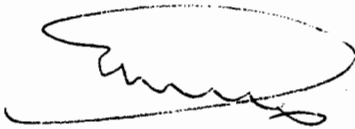
You will recall that when the school's facilities were restructured in February pricing was reduced from the then current variable rate of 11.20% per annum to 9.25% per annum.

Clearly the current developments affecting the school have increased the credit risk but, at this stage, the Bank has elected not to review pricing. Nevertheless, in terms of the Usual Terms and Conditions of the facilities, the Bank reserves the right to vary the interest rates applied to the loans.

The Bank is prepared to discuss possible restructuring of facilities provided the school can demonstrate compliance with the show cause notice and ongoing viability.

In that regard, please advise what steps the Board is taking to address the issues raised in the show cause notice, in particular those relating to the school's governing body.

Yours faithfully



C R Watts
Executive Manager
Credit Management

BP/sungramm directors

Released under
RTI Act by DE

SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA



Date: 22 September 2003

PRIVATE & CONFIDENTIAL

Mr CR Watts
The Executive Manager
Credit Management
Commonwealth Bank
GPO Box 1423
BRISBANE 4001

Dear Sir

RE: SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

I acknowledge receipt of your letter of 15 September 2003.

In response to the concerns raised by the Bank, I advise:-

1. Insolvent Trading

The content of your letter in this regard is predicated upon cash flow projections supplied to you at the meeting of 5 September. Your letter does not refer to the additional information supplied to your bank together with those cash flows, namely, an email circulated to directors which noted:-

- that the projections were a preliminary trial to predict the cash balances at year end;
- with management, the cash position is expected to be improved.

Firstly, it should be noted that the cash flow projections are intended to be conservative. Some items may be more favourable than projected. For example, the Commonwealth Government grants are estimated to include an indexation component of 2.5%. In the previous year, the actual increase was 5.2%. Precisely what the actual increase will be shall not be known until publication of details next month.

I recall that at the meeting with you on 5 September, Mr Stephen Beebe stated:-

- The year end cash position will require management – a situation exacerbated by the inability to commit to a new equipment lease. However, as we are still over three months from the end of the year, such management can and shall occur; and
- Normal operations of the school would also include some payment of 2004 fees before the end of this year which would also contribute to an improved cash position.

The school continues to work on both the revising of cash flow projections and management of expenditure. To enable it to accurately assess the former, we need to receive from your bank accurate information regarding the additional costs the school shall be meeting as a result of your bank's appointment of advisors. Please supply this.

Following the board meeting held on 5 September 2003, the Executive were instructed to cease all capital expenditure other than one necessary item with the cost of \$27,000.

As you are aware, the school presently maintains with your bank a cash deposit of well in excess of \$1 million to meet the current trading needs in addition to the approved overdraft facility of \$200,000.

The insensitive title to, and much of the content of this portion of your letter is predicated upon "an event" that has not happened.

The directors expect that the updating of the cash flow projections and management of expenditure will result in improvements to the year end cash position.

2. Resignation of Stephen Beebe

Mr Beebe has not tendered his resignation, nor has he set a date on which that shall occur.

I have discussed this aspect with Mr Beebe since receipt of your letter and he advises that his comments to the bank in this regard have been taken out of context.

Rather than making a statement that he would be resigning from the Board at a given time, he was seeking a response from the Commonwealth Bank, that given the NSSAB assessor's suggestion of a lack of independence, would your bank prefer that Mr Beebe resigns as a director. If you bank has an opinion on this question, we would be pleased to hear a response.

In light of the above comments, it is inappropriate and unnecessary to respond to the two questions contained in your letter in this regard.

3. Payments to the s47(3)(b) Interests

In this regard, I would like you to note that the provision and disclosure of this information to the bank has not been a "recent" event. Your bank receives a copy of the bank reconciliation every quarter, and the previous report supplied as at 30 June 2003 showed the relevant payments to s47(3)(b)

s47(3)(b)

In response to your specific enquiries, I advise:-

- (a) It would appear that you are referring to fees paid in respect of the provision for bank guarantees. Such payments have historically been made by the school to guarantors who have supported and assisted the school's financial facilities. The basis of the calculation was that on the advice of Brett Gordon of CBA, the s47(3)(b) security resulted in

interest rate reductions to the school of between .8% and 1.4%. .8% was adopted in the calculation of these fees.

(b) The amounts and dates of the relevant payments are:-

- 2 May 2003 - \$21,840;
- 5 June 2003 - \$5,560;
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- 23 July 2003 - \$10,920.

(c) I am advised that all relevant cheques were signed by Mr Stephen Beebe and Mr Craig Hardman. However, I have not been able to sight the actual cheques since receipt of your letter now under reply.

4. Discussions with NSSAB

It is true that at the request of NSSAB discussions were held between myself, Professor Roy Webb, Mr Laurie Vogler and a representative of Crown Law during the week preceding the issue of the notices by that body.

At the express request of the NSSAB, those discussions were on an entirely confidential and without prejudice basis.

I made specific reference to this meeting and to the "without prejudice" nature of the discussions when the board met with you on 5 September. I specifically recall discussions with Mr Rankin on that day in which it was agreed that this issue of ownership was of a very major concern to the State Government and NSSAB.

It therefore comes as some surprise that Mr Watts did not identify what I had said to the meeting on 5 September 2003. There was no "oversight" on my part or on the part of the other members of the board.

Furthermore, the written notices and advices received from NSSAB do not state that a transfer of ownership of the school "would significantly assist the school in having the Show Cause Notice withdrawn". In the absence of other written guidance by NSSAB, the directors have to expect that the notices mean what they say and require compliance in all respects.

So far as your queries as to why information was given to the school community of the Show Cause and Compliance Notices, I can only say that the content of your letter now under reply indicates that you have not had an appreciation of the awareness and attitude of the school community in respect of the NSSAB assessment.

The school community has been very much aware of the process of assessment of the school by the NSSAB since the Education Minister Anna Bligh stood up in State Parliament and announced the assessment in May. Staff and parents have been very concerned regarding the process, the report and the effect it would have on the future of the school.

Commonwealth Bank

22 September 2003

In the directors' judgment, with which I concur completely, it was essential to notify the school community of the important nature of the notices received. This was done by my letter to the school community dated 3 September 2003, a copy of which is attached for your reference.

If that letter had not been sent, the negative reverberations and rumours throughout the school community would have been extremely damaging.

You also refer to:-

"... why you requested the co-principals to send to the school community a letter which outlined certain of the findings of the NSSAB."

This request has never been made by the Board. The co-principals, as the executive chose themselves to forward a letter to the school community seeking to reassure the parents that the issues raised by the NSSAB notices would be satisfactorily addressed and that the school would function effectively in the meantime.

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Other Matters

Also flowing from the NSSAB Show Cause Notice and associated documentation are issues that can only be addressed by the Commonwealth Bank, but which are not referred to in your correspondence.

The interest rates and repayments demanded by the Commonwealth Bank from the Sunshine Coast Grammar School in recent years have been excessive. The result has been to strip the school of the cash flow that would otherwise have been directed towards the payment of salaries, resources, library and other improvements. Your bank's harsh and unbending attitude over many years, despite requests from the directors to the contrary, has contributed to many of the issues now raised by the NSSAB assessors and the resultant notices. This situation is particularly highlighted in the Assessors' Report at Clause 5.2.

One of the great challenges that we face in responding to these notices is the issue of financial viability and the time exists immediately for the bank to redress this long outstanding issue.

Sunshine Coast Grammar School Pty Ltd has during the whole of its relationship with the Commonwealth Bank never failed to make a payment of money as and when it fell due.

However, your bank has been treating the Sunshine Coast Grammar School account now for many years as an Asset Management account imposing punitive interest rates and repayment provisions.

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22 September 2003

I therefore make a further request for the bank to immediately review applicable interest rates and repayment requirements on all school facilities with a view to bringing them into line with similar rates that your bank would supply to a good client that has not made default in many years of borrowing.

I request your response in respect to the above as a matter of urgency.

Yours faithfully

Malcolm McColm
Chairman

Enc

Released under the
RTI Act by DET

Commonwealth Bank

Commonwealth Bank of Australia
ACN 123 123 124

Group Risk Management
Credit Management Unit

Level 8
240 Queen Street
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Mr Malcolm McColm
Director
Sunshine Coast Grammar School Pty Ltd
C/- McColm Matsinger Lawyers
PO Box 737
MAROOCHYDORE QLD 4558

15 September 2003

Dear Sir

Sunshine Coast Grammar School Pty Ltd

I refer to the meeting on 5 September 2003 between the Bank and each of the directors, and to my meeting with Stephen Beebe on 9 September 2003. The Bank is concerned by a number of the matters of which it has been informed regarding Sunshine Coast Grammar School Pty Ltd (the **School**). As the Bank is not aware of which of the directors of the School is the chairman of the board, I have written to you and forwarded a copy of this letter to your co-directors. Some of the concerns of the Bank are as follows:

1. Insolvent Trading

At the meeting on 5 September 2003, I was provided with a copy of the cashflow projections prepared by Stephen Beebe. The cashflows reveal an anticipated cash shortfall as at 31 December 2003 of approximately \$300,000.00. Furthermore, due to various other factors including that the finance lease is unlikely to proceed, I note the comments by Mr Beebe that the anticipated cash shortfall could be approximately \$400,000.00.

In this regard, please note that the Bank will not allow any excess above the overdraft limit and that any drawings exceeding this amount would be returned.

Plainly, in the event that the School is aware that it is unlikely to be able to maintain its financial affairs within the extent of its current facilities (including the \$200,000.00 overdraft maintained with the Bank), the Bank is concerned that the School is presently unable to pay its debts as and when they fall due. If that is the case, that fact

would have an obvious impact upon the directors of the School who could have an exposure to the School or its creditors (including the Bank) in any subsequent liquidation of the School. Ultimately, this is a matter for the directors individually who may wish to consider their position in relation to this issue and/or obtain independent legal advice.

In the meantime, would you please inform the Bank of the basis upon which the School claims that, having regard to the current cashflow projections, it is able to meet its debts as and when they fall due.

2. Resignation of Stephen Beebe

A matter related to the solvency of the School is the stated intention of Stephen Beebe to resign as a director in November 2003. Given the role which Mr Beebe plays in managing the financial affairs of the School and the significant time commitment which this role requires, would you please inform the Bank:-

- (a) if the role of Mr Beebe is to be assumed by one of the current directors, which director that will be;
- (b) if the role of Mr Beebe is to be filled from outside of the members of the board, the steps taken by the directors to date with a view to replacing Mr Beebe and the set of skills which Mr Beebe contributed in terms of the School's management.

3. Payments to the s47(3)(b) Interests

I have recently been provided with a copy of a bank reconciliation which shows that the School is continuing to pay money to s47(3)(b) s47(3)(b) or persons associated with s47(3)(b) s47(3)(b). Would you please inform the Bank of:-

- (a) the basis for each of the payments which the School has made to s47(3)(b) s47(3)(b) or persons associated with s47(3)(b) s47(3)(b) since 1 January 2003. If the payments are said to be in respect of a loan, please provide full details of the terms and conditions of the loan;
- (b) the amount and dates of each of the relevant payments;

- (c) whether the directors have authorised each of these payments or whether the payments have been authorised by s47(3)(b) in her role as the Administration Manager.

4. Discussions with NSSAB

The Bank has held discussions with the Non-State Schools Accreditation Board (the **NSSAB**) in connection with the show cause notice dated 2 September 2003. It is apparent to the Bank from those discussions that the NSSAB considers that, in its lengthy discussions with you in advance of the show cause notice being issued, it informed you that, and expected that you would report to the other members of the board that, a resolution to the issue of s47(3)(b) involvement in the School would significantly assist the School in having the show cause notice withdrawn.

With respect, the Bank does not consider that the tenor of the discussions between you and the NSSAB was fully conveyed to the Bank in the meeting on 5 September 2003. The Bank assumes that this was an oversight on your part and on the part of the other members of the board.

Finally, the Bank has been informed that the NSSAB discussed with you, at some length, that it did not propose to disclose the nature and contents of the show cause notice other than to the board of directors of the School. The Bank understands that NSSAB proposed to take that course to enable an efficient resolution to the issue of s47(3)(b) involvement in the School without causing any unnecessary harm to the School or stress to the school community, including the teachers, students and parents.

Against that background, the Bank queries why you chose to inform the school community of the show cause notice and why you requested the co-principals to send to the school community a letter which outlined certain of the findings of the NSSAB. The Bank can only assume that your decision in that regard significantly contributed to the volatility of the school community to which you referred in the meeting on 5 September 2003. Would you please let us have your comments regarding this matter.

The Bank looks forward to receiving your response to each of the matters referred to above as soon as possible.

Yours faithfully

C R Watts
Executive Manager
Credit Management

cc Mr Stephen Beebe
Mr Ross Johnston
Mr Bill Brewer

BP/p1bm1045

Released under the
RTI Act by DET

SUNSHINE COAST GRAMMAR SCHOOL372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA

14 October 2003

URGENT

The Executive Director
Non-State Schools Accreditation Board
PO Box 347
BRISBANE ALBERT STREET BC 4002

By Facsimile: 3237 9946 (17 pages)
Attention: Mr Laurie Vogler

Dear Sir

RE: SUNSHINE COAST GRAMMAR SCHOOL

I refer to the telephone conversations with Mr Laurie Vogler on 2 October and again last week.

I acknowledge that in response to my enquiries, the Board has determined that it does not intend to prioritise, define, limit or restrict the content of the Show Cause and Compliance Notices and awaits responses from the school within the allotted timeframe, namely, 7 November 2003.

I do also acknowledge the Board's statements that:

- It does not want to remove accreditation from Sunshine Coast Grammar School; and
- It recognises that it may not be possible to rectify and change all issues raised by the Notices within the timeframe of 7 November 2003; and
- Provided the school's response demonstrates that measures have been taken that will ensure that each of the relevant issues are addressed and rectified within an appropriate timeframe, then this may be acceptable to your Board as at 7 November 2003; and
- Your Board has the power to extend the time for rectification of any outstanding issues under either the Show Cause or Compliance Notices.

As advised to Mr Vogler in our last conversation, the school is continuing to address all issues raised by the Notices. The directors, Dr Keith Tronc and school staff are spending a substantial amount of time and resources in continuing to address the matters raised by your Board and to prepare a full and comprehensive response to your Board to each of the Notices by 7 November 2003.

In respect of the desired change of ownership of the school, the firm of William Buck (formerly Hall Chadwick) have been instructed to manage this process within as short a timeframe as is possible. William Buck has now determined and commenced this process, full particulars of which shall be identified in the school's formal response to the notices shortly.

Telephone: 161 7 5445 4444 Facsimile: +61 7 5445 4345 Email: enquire@scgs.qld.edu.au
Sunshine Coast Grammar School Pty Ltd
ABN 61 064 506 814

However, a matter has arisen consequent upon the issue of the notices by your Board that requires attention before 7 November 2003.

As a result of the Issue of the Show Cause and Compliance Notices, the Commonwealth Bank has proceeded to act as if the school shall imminently default on its existing financial commitments to that bank.

The Commonwealth Bank has chosen to appoint an investigating accountant and solicitors to enquire into the operations of the school and intends that the school shall pay for these costs which are very substantial already and continue to mount at an alarming rate. The bank has advised that it has incurred costs in the few weeks between the issue of your notices in early September and the end of that month, to an amount of \$47,000. The bank is unable to estimate or provide any detail as to what these ongoing costs to the school will be, however, it continues to instruct these consultants.

The school has a very substantial trading history with the Commonwealth Bank which has been its financier since inception. During the whole of that time, the school has not failed to make any single payment as and when it was due to that bank.

During recent years, the bank has charged interest rates and imposed repayment schedules on the school that have increased the financial burden to an extent that one would not expect in such a bank-customer relationship. The result has been that a huge amount of financial resources of the school have been diverted away from expenditure on education services.

The degree of financial burden imposed on the school by the CBA is noted by your board's assessors in their report and letter.

Notwithstanding this, the school has done its best to both meet the Commonwealth Bank's demands and apply its remaining available financial resources to school matters.

The four month assessment by your Board of the school and the resources required to be expended as a result of the issue of the Show Cause and Compliance Notices came at a time when there were other extraordinary school expenses required – namely the appointment of a new Head of School. While these issues placed further budgetary challenges, strategies had been put in place to achieve the necessary outcomes.

The school continues to operate as a viable entity and to meet the debts incurred at the school as and when they fall due. Enrolment figures indicate a strong commencement position for 2004.

However, the actions of the Commonwealth Bank that are based solely and directly upon the Show Cause and Compliance Notices issued by your Board, have the potential to rapidly incur such additional financial burden on the school so as to make it insolvent at some time in the near future.

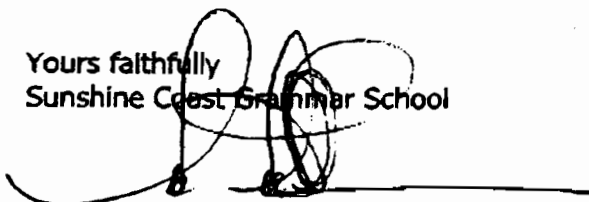
I am enclosing with this letter a copy of recent correspondence with the Commonwealth Bank, being:-

1. letter from Commonwealth Bank dated 15 September 2003;
2. letter to Commonwealth Bank dated 22 September 2003;
3. letter from Commonwealth Bank dated 3 October 2003;
4. letter to Commonwealth Bank dated 13 October 2003.

This is such a serious matter that the directors of the school believe that in the interests of the students, staff and parents of Sunshine Coast Grammar School, there should be an immediate and urgent meeting held with the school directors and the Non-State Schools Accreditation Board. We also believe that at that meeting it would be most helpful to have the assessors, Dr Murray Evans and Mr Don Langdon, present.

I am therefore requesting such a meeting as a matter of urgency and would be pleased to receive your like response.

Yours faithfully
Sunshine Coast Grammar School


Chairman

Released under the
RTI Act by DET

Commonwealth Bank

Commonwealth Bank of Australia
ACN 123 123 124

Group Risk Management
Credit Management Unit

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Mr Malcolm McColm
Director
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15 September 2003

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Some of the concerns of the Bank are as follows:

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Plainly, in the event that the School is aware that it is unlikely to be able to maintain its financial affairs within the extent of its current facilities (including the \$200,000.00 overdraft maintained with the Bank), the Bank is concerned that the School is presently unable to pay its debts as and when they fall due. If that is the case, that fact

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C R Watts
Executive Manager
Credit Management

cc Mr Stephen Beebe
Mr Ross Johnston
Mr Bill Brewer

BP/p1bm1045

Released under the
RTI Act by DET

SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA

Date: 22 September 2003

**PRIVATE & CONFIDENTIAL**

Mr CR Watts
The Executive Manager
Credit Management
Commonwealth Bank
GPO Box 1423
BRISBANE 4001

Dear Sir

RE: SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

I acknowledge receipt of your letter of 15 September 2003.

In response to the concerns raised by the Bank, I advise:-

1. Insolvent Trading

The content of your letter in this regard is predicated upon cash flow projections supplied to you at the meeting of 5 September. Your letter does not refer to the additional information supplied to your bank together with those cash flows, namely, an email circulated to directors which noted:-

- that the projections were a preliminary trial to predict the cash balances at year end;
- with management, the cash position is expected to be improved.

Firstly, it should be noted that the cash flow projections are intended to be conservative. Some items may be more favourable than projected. For example, the Commonwealth Government grants are estimated to include an indexation component of 2.5%. In the previous year, the actual increase was 5.2%. Precisely what the actual increase will be shall not be known until publication of details next month.

I recall that at the meeting with you on 5 September, Mr Stephen Beebe stated:-

- The year end cash position will require management - a situation exacerbated by the inability to commit to a new equipment lease. However, as we are still over three months from the end of the year, such management can and shall occur; and
- Normal operations of the school would also include some payment of 2004 fees before the end of this year which would also contribute to an improved cash position.

Commonwealth Bank

22 September 2003

The school continues to work on both the revising of cash flow projections and management of expenditure. To enable it to accurately assess the former, we need to receive from your bank accurate information regarding the additional costs the school shall be meeting as a result of your bank's appointment of advisors. Please supply this.

Following the board meeting held on 5 September 2003, the Executive were instructed to cease all capital expenditure other than one necessary item with the cost of \$27,000.

As you are aware, the school presently maintains with your bank a cash deposit of well in excess of \$1 million to meet the current trading needs in addition to the approved overdraft facility of \$200,000.

The insensitive title to, and much of the content of this portion of your letter is predicated upon "an event" that has not happened.

The directors expect that the updating of the cash flow projections and management of expenditure will result in improvements to the year end cash position.

2. Resignation of Stephen Beebe

Mr Beebe has not tendered his resignation, nor has he set a date on which that shall occur.

I have discussed this aspect with Mr Beebe since receipt of your letter and he advises that his comments to the bank in this regard have been taken out of context.

Rather than making a statement that he would be resigning from the Board at a given time, he was seeking a response from the Commonwealth Bank, that given the NSSAB assessor's suggestion of a lack of independence, would your bank prefer that Mr Beebe resigns as a director. If your bank has an opinion on this question, we would be pleased to hear a response.

In light of the above comments, it is inappropriate and unnecessary to respond to the two questions contained in your letter in this regard.

3. Payments to the ^{s47(3)(b)} Interests

In this regard, I would like you to note that the provision and disclosure of this information to the bank has not been a "recent" event. Your bank receives a copy of the bank reconciliation every quarter, and the previous report supplied as at 30 June 2003 showed the relevant payments to ^{s47(3)(b)}

^{s47(3)(b)}

In response to your specific enquiries, I advise:-

- (a) It would appear that you are referring to fees paid in respect of the provision for bank guarantees. Such payments have historically been made by the school to guarantors who have supported and assisted the school's financial facilities. The basis of the calculation was that on the advice of Brett Gordon of CBA, the ^{s47(3)(b)} security resulted in

Commonwealth Bank

22 September 2003

Interest rate reductions to the school of between .8% and 1.4%. .8% was adopted in the calculation of these fees.

(b) The amounts and dates of the relevant payments are:-

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- 5 June 2003 - \$5,460;
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(c) I am advised that all relevant cheques were signed by Mr Stephen Beebe and Mr Craig Hardman. However, I have not been able to sight the actual cheques since receipt of your letter now under reply.

4. Discussions with NSSAB

It is true that at the request of NSSAB discussions were held between myself, Professor Roy Webb, Mr Laurie Vogler and a representative of Crown Law during the week preceding the issue of the notices by that body.

At the express request of the NSSAB, those discussions were on an entirely confidential and without prejudice basis.

I made specific reference to this meeting and to the "without prejudice" nature of the discussions when the board met with you on 5 September. I specifically recall discussions with Mr Rankin on that day in which it was agreed that this issue of ownership was of a very major concern to the State Government and NSSAB.

It therefore comes as some surprise that Mr Watts did not identify what I had said to the meeting on 5 September 2003. There was no "oversight" on my part or on the part of the other members of the board.

Furthermore, the written notices and advices received from NSSAB do not state that a transfer of ownership of the school "would significantly assist the school in having the Show Cause Notice withdrawn". In the absence of other written guidance by NSSAB, the directors have to expect that the notices mean what they say and require compliance in all respects.

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The school community has been very much aware of the process of assessment of the school by the NSSAB since the Education Minister Anna Bligh stood up in State Parliament and announced the assessment in May. Staff and parents have been very concerned regarding the process, the report and the effect it would have on the future of the school.

Commonwealth Bank

22 September 2003

In the directors' judgment, with which I concur completely, it was essential to notify the school community of the important nature of the notices received. This was done by my letter to the school community dated 3 September 2003, a copy of which is attached for your reference.

If that letter had not been sent, the negative reverberations and rumours throughout the school community would have been extremely damaging.

You also refer to:-

"... why you requested the co-principals to send to the school community a letter which outlined certain of the findings of the NSSAB."

This request has never been made by the Board. The co-principals as the executive chose themselves to forward a letter to the school community seeking to reassure the parents that the issues raised by the NSSAB notices would be satisfactorily addressed and that the school would function effectively in the meantime.

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Other Matters

Also flowing from the NSSAB Show Cause Notice and associated documentation are issues that can only be addressed by the Commonwealth Bank, but which are not referred to in your correspondence.

The interest rates and repayments demanded by the Commonwealth Bank from the Sunshine Coast Grammar School in recent years have been excessive. The result has been to strip the school of the cash flow that would otherwise have been directed towards the payment of salaries, resources, library and other improvements. Your bank's harsh and unbending attitude over many years, despite requests from the directors to the contrary, has contributed to many of the issues now raised by the NSSAB assessors and the resultant notices. This situation is particularly highlighted in the Assessors' Report at Clause 5.2.

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However, your bank has been treating the Sunshine Coast Grammar School account now for many years as an Asset Management account imposing punitive interest rates and repayment provisions.

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22 September 2003

I therefore make a further request for the bank to immediately review applicable interest rates and repayment requirements on all school facilities with a view to bringing them into line with similar rates that your bank would supply to a good client that has not made default in many years of borrowing.

I request your response in respect to the above as a matter of urgency.

Yours faithfully

Malcolm McColm
Chairman

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Mr Malcolm McCollm
Director
Sunshine Coast Grammar School Pty Ltd
C/- McCollm Matsinger Lawyers
PO Box 737
MAROOCHYDORE QLD 4558

3 October 2003

Dear Sir

I refer to your letter dated 22 September 2003 and note your comments contained therein.

The costs incurred to 30 September 2003 as a result of the Bank's appointment of an Investigating Accountant (IA) are approximately \$47,000, including legal costs.

I am unable to provide you with a firm estimate of all up costs, as final costs will be determined on the level of the IA's ongoing involvement until the current issues impacting on the school, including those matters arising from the issue of the show cause notice, have been resolved by the Board to the Bank's satisfaction.

To assist Mr Richards in his role, I request that the school provide and forward the following reports to him on a weekly basis, commencing from 10 October 2003:

- A report which relates, by year (that is: pre-school to Year 12), the number of students in each class now, the number of students confirmed in each class for the first week of term one 2004, and the reasons for any change, week to week.
- A report which relates, by year (that is: pre-school to Year 12), the number of teachers employed now, the number of teachers confirmed as employed for the first week of term one 2004, and the reasons for any change, week to week.

The issue of interest rates has been previously addressed but to recap, the interest rates applied to the various loans are not 'default' rates. The level of pricing on all variable rate facilities reflects the Bank's perceived risk in continuing provision of banking facilities to the school.

You will recall that when the school's facilities were restructured in February pricing was reduced from the then current variable rate of 11.20% per annum to 9.25% per annum.

Clearly the current developments affecting the school have increased the credit risk but, at this stage, the Bank has elected not to review pricing. Nevertheless, in terms of the Usual Terms and Conditions of the facilities, the Bank reserves the right to vary the interest rates applied to the loans.

The Bank is prepared to discuss possible restructuring of facilities provided the school can demonstrate compliance with the show cause notice and ongoing viability.

In that regard, please advise what steps the Board is taking to address the issues raised in the show cause notice, in particular those relating to the school's governing body.

Yours faithfully



C R Watts
Executive Manager
Credit Management

BP/sungramm directors

Released under the
RTI Act by DIT

SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA

Date: 13 October 2003

**PRIVATE & CONFIDENTIAL**

Mr CR Watts
The Executive Manager
Credit Management
Commonwealth Bank
GPO Box 1423
BRISBANE 4001

Dear Sir

RE: SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

I refer to your letter of 3 October 2003 received in the mail from you on 8 October 2003.

I note with pleasure that the bank is prepared to be flexible in its customer relationship with the school and is prepared to discuss restructuring of facilities subject to reasonable preconditions.

However, the opening paragraphs of your letter do give me cause for great concern.

It would appear that solely as a result of a detailed investigation by the Non-State School's Accreditation Board and pending the outcome of the response by the school to the issued notices, your bank has voluntarily elected to appoint an investigating accountant and solicitors who in a matter of weeks incurred costs to 30 September of \$47,000 and who are continuing to incur costs to an amount that you are unable to estimate or provide.

Despite the fact that the Sunshine Coast Grammar School has never defaulted in any single repayment of moneys to the Commonwealth Bank through an extensive trading history, you are seeking to put these substantial expenses to the account of the school. I understand that without even the courtesy of production of an invoice, you have since your letter debited the school's account with some \$15,600 in respect of the bank's legal expenses.

I would be pleased if you would kindly supply to me, as soon as possible:-

- The basis of your bank's legal authority to pass these bank incurred expenses onto the customer; and
- A copy of the invoices received by the bank in respect of the expenses being debited, and showing the full detail of the services provided to your bank by each respective consultant.

Commonwealth Bank

13 October 2003

The result of the repayment moratorium, if granted, would be to extend the term of the existing facilities for an insignificant period but would enable the customer to deal with the increased financial burdens resulting from the NSSAB action and the need to appoint a new Head of School for 2004.

In light of the flexibility referred to in the penultimate paragraph of your letter of 3 October, I request a meeting between the bank and the directors of the school to enable this request and future financial relationship of the school with the Commonwealth Bank to be more fully discussed.

In respect of the responses to the NSSAB issued notices, we advise that all issues raised by the notices are being addressed. Dr Keith Tronc has spent a substantial time and is continuing to prepare full and comprehensive responses to each of the notices.

The school has been liaising with the Non-State School's Accreditation Board who have recognised that because of the timeframes involved, rectification and compliance with all issues may not be capable of being achieved by 7 November. The NSSAB acknowledge that a satisfactory response to the notices on some issues may involve a demonstration of the fact that the school is addressing the issues which shall then be rectified within an acceptable timeframe.

In respect of the action being taken to address a change of ownership of the school, I am attaching a copy of correspondence with William Buck detailing the processes that have been embarked upon. The Non-State School's Accreditation Board have been kept informed of this action and have verbally demonstrated a degree of comfort and acceptance of this action.

In view of all the circumstances, I would be pleased to receive your response to the content of this letter as soon as possible.

Yours faithfully

Malcolm McColm
Chairman

Released under RTI Act

VOGLER, Laurie

From: s47(3)(b)
Sent: Monday, 13 October 2003 11:37 AM
To: VOGLER, Laurie
Subject: SCGS

Laurie

These are the results of a survey conducted by the SCGS Acquisition Steering Committee. We are told that there are 720 families in the school, however in the last week of term approximately 40 families were away. Therefore we think we actually got to about 680 families. The survey also asked for comments on various other issues and these are still to be correlated.

Question 1

Do you support our proposal, as per the minutes of the parent club meeting, to source an alternative owner for the School?

Yes 322 families representing 534 students

No 8 families representing 14 students

● Unsure/Not answered 16 families representing 27 students

Question 2

Please indicate your plans in relation to your child/children at the School for 2004, if there is an appropriate change of ownership that enables the continued excellence of the school and the current culture, ethos & vision to be maintained and enhanced.

(a) I will definitely be keeping my child/children at the School.

Yes Ques 1 - 276 families representing 467 students

No Ques 1 - 6 families representing 12 students

Unsure/No answer ques 1 - 15 families representing 24 students

(b) I am unsure about our intentions for next year and I am keeping my options open.

Yes Ques 1 - 36 families representing 55 students

No Ques 1 - 1 family representing 1 student

● *I will definitely be moving my child/children from the School for the 2004 school year regardless of any changes at the School.*

Yes Ques 1 - 10 families representing 12 children

No Ques 1 - 1 family representing 1 child

Unsure/Incomplete Ques 1 - 1 family representing 3 children



RP:ALM
8 October 2003

Mr Brett Gordon
Credit Management
Commonwealth Bank of Australia
8th Floor
240 Queen Street
BRISBANE QLD 4000

By email: bretsupsr@cba.com.au

Dear Mr Gordon

s47(3)(b)

SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

As discussed by telephone this morning, we confirm that we have been appointed by s47(3) and s47(3)(b) to facilitate the exit of their involvement (financial and otherwise) in Sunshine Coast Grammar School Pty Ltd.

As we agreed this morning, we have attached to this email an extract of the relevant scope and approach that we will apply in the conduct of this engagement. We have also attached a summary project timetable.

If you have any queries, please contact me directly on 3233 3498.

Yours sincerely
WILLIAM BUCK (QLD) PTY LTD
ABN 56 106 244 455

ROSS PATANE
DIRECTOR

ac. s47(3)(b)
Michael Bigg

Enc

Level 16, William Buck Centre, 120 Edward Street, Brisbane Qld 4000 – GPO Box 736, Brisbane Qld 4001 Australia
Telephone (61 7) 3233 3555 – Facsimile (61 7) 3233 3567 – Email info@williambuckqld.com.au – Web www.williambuck.com.au
William Buck an Association of Independent Firms, each trading under the name William Buck in: Adelaide, Brisbane, Cairns, Melbourne, Perth, Sydney – Affiliated with AGN International

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**EXTRACT OF ENGAGEMENT LETTER
SERVICES TO s47(3) AND s47(3)(b)**

REGARDING SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

Objective

The objective of this engagement is to facilitate a transfer of the ownership of your equity interest in the school in a competitive and structured process that maximises the financial outcomes to you on the best possible terms and without impinging upon the favourable prospects of the school into the future.

Scope of Work

Our engagement proposal is structured to cover the following key components:

Vendor Due Diligence – Sale Impediment Evaluation and Mitigation

This phase of the engagement involves the consideration and removal of the legal, regulatory and practical impediments that may arise in a transfer of the ownership of the school. Specific considerations to be addressed are:

- Any regulatory restrictions at a State or Federal government level involving the classification and registration of the school that may be detrimentally affected by a transfer of ownership
- Any historical or future State or Federal funding implications that may be detrimentally affected by a transfer of ownership
- Any implications upon the transfer of ownership arising from the amendments to the *Grammar Schools Act*.

We propose to meet with the relevant authorities on your behalf as your advocate and ensure that any potential issues are identified in this process. We believe that it may be necessary to involve your nominated legal advisors at this point.

In addition, we will commence the process of crystallising the mode and pricing of rights to be transferred in the sale process. That is, at this early stage we will need to identify what is being transferred (i.e. shares in the holding company vs net assets, intellectual property and other "business" assets), and develop a range estimate of the value of these assets.

We mentioned the concept of a public investment ownership structure in our discussions with you, and if there are viable options to be pursued they are likely to become evident at this stage. However, given the timeframe with which your equity interest must be dealt, we feel that the options available to us will be limited as such proposals typically have an extended lead time.

Information Memorandum and Other Documents

William Buck will prepare an Information Memorandum that provides detailed information on the SCGS business, the market that the business operates in, and relevant financial information - all of which are intended to provide a justifiable basis for the asking price range.

You will need to supply all relevant information, which may be required by any potential purchaser. The Information Memorandum is likely to contain market sensitive information and will only be released to investors under a signed confidentiality agreement.

If you are unable to provide information that is deemed necessary by William Buck to be included in the information memorandum, we will use our best endeavours to obtain this information from a

cc:\client\sunshine coast grammar\engagement_scs_extract.doc

- 2 -

third party, which may involve some additional cost to you.

In preparation for the Active Promotion & Closure Phase outlined below, we will assist your legal advisors with a preferred contract format that will be used to formally receive offers in the competitive bid process. In addition we will commence the establishment of Data Room files that will be used for the purpose of allowing purchaser due diligence in a controlled environment.

Active Promotion & Closure

Our preferred method of promoting the asset for sale is to identify together with you, domestic and international parties with an identified strategic interest in acquiring the school and make direct approaches to these groups. These parties may include denominational and non-denominational groups, and domestic and international commercial operators who may have a strategic interest in SCGS arising from involvement in another segment of the education sector. William Buck will also initiate discussions with potential purchasers that we identify at the time of performing the market research for the information memorandum.

Of equal importance, given the timeframe of this engagement, is an advertising program in the national and international press using an anonymous description of the assets being offered and directing all enquiries through William Buck. This will allow us to screen and qualify those parties with a bona fide interest in acquiring the school. If we choose to pursue this course, we will co-ordinate a discrete advertising program under the William Buck brand. Advertising material will be sensitive to the commercial implications and be strategically placed in local, national and international press.

William Buck will field all enquiries arising from the direct approaches and advertising without initially disclosing the identity of SCGS until a confidentiality agreement is executed.

Our suggested program for this part of the sale process is summarised below:

Activity	Comment	Duration
Campaign launch and active promotion	To identify and arouse interest in the sale of SCGS by direct approach or advertising	Continuous over a 2 to 4 week timeframe
Secure confidentiality agreement from enquirers and distribute Information Memorandum	Confidentiality agreements to be provided to those parties that we mutually decide with you are bona fide purchasers	Concurrent with the above
Qualified enquirers to submit indicative bid prices and indicative financial capacity. Shortlist potential bidders	To narrow the list of potential acquirers to no more than 6 bona fide candidates	1 week after completion of above
Open data room with attendance by short-listed candidates to be by scheduled appointment. Submit preferred contract terms to short-listed bidders	To facilitate complete due diligence in a confidential and controlled environment	For a period of 2 weeks after completion of above
Final bid offers to be received from short-listed candidates	Intent is to create an intensely competitive process whereby a bidder may concede terms or price increments in order to outbid other potential candidate	Within one week of closure of data room
Accept the most satisfactory bid and proceed to transaction settlement		Anticipated to be within 30 to 90 days of bid acceptance

Organisation, Timing & Fees

Organisation

- 3 -

Ross Patane and John Somerset will manage the project for William Buck and will be responsible for the day-to-day activities associated with the engagement. Greg Wanchap will play a key role in the interaction with State and Federal authorities, as well as the final negotiations with short-listed bidders.

Other personnel in the firm will be available for consultation in specialised technical areas such as taxation if this is required. Such advice is outside the scope of this engagement. It is envisaged that our engagement will produce the most effective, efficient and orderly analysis of your options in your transition from your role as owners of SCGS to your planning for future wealth creation and investment.

Timing

William Buck will commence this engagement immediately after receiving our signed engagement letter. An indicative timetable is set out in the attached project timetable.

Exclusivity

By signing this engagement letter you are agreeing to appoint William Buck exclusively to conduct the sale of SCGS. No other party will be entitled to conduct this engagement work, or be entitled to any part of the proposed fee payable to William Buck upon successful conclusion of the transaction.

Summary

We are ready to begin work immediately after receiving your authorisation to proceed. Please indicate your acceptance of the terms of this engagement by signing both originals of this letter and returning one to us.

Released under the
RTI Act by DFT

TASK	October																November																								
	Week One				Week Two				Week Three				Week Four				Week Five				Week Six				Week Seven				Week Eight				Week								
	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T									
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Engagement agreement finalised																																									
Draft information memorandum (IM)																																									
Finalise IM																																									
Send IM																																									
Draft advertisement																																									
Finalise advertising arrangements																																									
Advertising campaign																																									
Seek expressions of interest																																									
Confidentiality agreements from bidders																																									
Short list potential buyers																																									
Preferred contract terms to short-listed bidders																																									
Prepare documentation for due diligence																																									
Prepare due diligence data room																																									
Open data room to short-listed buyers																																									
Due diligence from potential buyers																																									
Final bids from short-listed buyers																																									
Accept most satisfactory bid																																									
Transaction settlement																																									

Released under the
RTI Act by DET

TASK	October																	November																													
	Week One					Week Two					Week Three					Week Four					Week Five					Week Six					Week Seven					Week Eight					Week Nine						
	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T	W	T	F	M	T					
	29	30	1	2	3	6	7	8	9	10	13	14	15	16	17	20	21	22	23	24	27	28	29	30	31	3	4	5	6	7	10	11	12	13	14	17	18	19	20	21	24	25	26	27	28	29	30
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Accept most satisfactory bid																																															
Transaction settlement																																															

Released under the
RTI Act by DET

Pages 89 through 97 redacted for the following reasons:

Schedule 3, item 7

Released under the
RTI Act by DET



7 October 2003

Bennett & Philp
Solicitors
GPO Box 463
BRISBANE QLD 4001

Attention: Mr Michael Bigg

Dear Sirs

Thank you for your letter received on 30 September 2003 regarding Sunshine Coast Grammar School.

I appreciate your early advice on behalf of your clients s47(and s47(3)(b) that arrangements are being made in relation to the granting of an irrevocable access easement in conformity with local council requirements for the second external access for use in the case of emergencies.

I trust this advice will be included with the governing body's submission in response to the Show Cause Notice issued to Sunshine Coast Grammar School Pty Ltd.

Yours sincerely


LAURIE VOGLER
Director

bennett & philp - solicitors

30 SEP 2003
BY _____

DATE: 30 September 2003
TO: Professor Roy Webb
FIRM: Chairperson
 Non State Schools Accreditation Board
FAX NO: 3237 0004
FROM: Michael Bigg
EMAIL: mbigg@bennettphilp.com.au
OUR REF: MSB:en:231663
TOTAL PAGES: 2 (inclusive of this page)

Level 16
 15 Adelaide Street
 BRISBANE QLD 4000

GPO Box 463
 BRISBANE QLD 4001

Phone: (07) 3229 0494
Fax: (07) 3229 1521

Email:
enquiries@bennettphilp.com.au

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 (Hons)
 Mark O'Connor, LL.B.*
 Lance Pollard, B. Com., LL.B.
 Peter Bray, B.A., LL.B.*
 Simon Sawyer, LL.B. MBA (Prof)
 Brady Cockburn, LL.B., G DipLP

ASSOCIATES

John Harvey, B.Bus (Accy), LL.B.
 Anne-Marie Coulin, B.A., LL.B.*



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Dear Professor Webb

SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

We act on behalf of s47(3)(b) and s47(3)(b) who are the shareholders of the above company, although not represented on the Board.

We refer to the Show Cause Notice directed to Sunshine Coast Grammar School Pty Ltd and enclosed with your letter of 2 September 2003.

In particular we refer to items 4, 6, 7 and 8 (land and buildings).

s47(3)(b) has an option to purchase s47(3)(b)
 s47(3)(b)
 s47(3)(b)
 s47(3)(b) to comply with Local

Council requirements that the school have a second external access for use in the case of emergencies.

The Option must be exercised by s47(3)(b) at any time before 30 December 2003 at which time a binding contract comes into existence, a term of which requires settlement to be no later than 30 days from the date of exercise of the Option.

Our client has made arrangements for finance and we are in the process of finalising loan and security documentation required by the financier. We expect s47(3)(b) to be in a position to exercise the Option by no later than the end of

- 2 -

30 September, 2003

this week (Friday 3 October 2003) which means that settlement will take place no later than 30 days after that date ie on or before 3 November 2003.

[s47(3)(b)] has instructed us that immediately after completion he will grant to the school irrevocable access easement over Lot 1 which will enure for the benefit of the school in perpetuity. This easement by its nature will be irrevocable by [s47(3)(b)] or any future owner of the land.

The easement to be granted will be over at least the area presently occupied by the sealed access road running through Lot 1 to the school's premises and will be in conformity with Local Council requirements.

It will be necessary to have a survey plan prepared for the easement before it can be lodged. After lodgment the plan will have to be checked by the Land Titles Office along with the easement itself before it will be registered.

Given the likely delays and the fact that lodgment of the easement cannot take place until after settlement, we doubt the easement will be registered prior to the deadline for compliance with the Show Cause Notice ie 7 November 2003.

Nevertheless, our clients have requested us to write to you advising what is happening in relation to this matter.

As you may also be aware our client has retained Hall Chadwick (now William Buck) to act on their behalf with a view to disposing of their interests in the school. [s47(3)(b)] accepts that it is no longer tenable for him to remain involved with the school in any way, even as a passive shareholder and that it is in the best interests of the school that he divest himself of any connection whatsoever. He is moving as quickly as possible to bring this about.

If you have any queries please don't hesitate to contact Michael Bigg of our office.

Yours faithfully,
BENNETT & PHILP

SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA



8 September 2003

The Chairperson
Non-State Schools Accreditation Board
PO Box 347
BRISBANE ALBERT STREET BC 4002

Dear Sir

On behalf of the School I acknowledge receipt of your letters of 2 September 2003, the enclosed Notices (Show Cause and Compliance) and the assessor's reports and accompanying letter dated 18 August 2003.

Loss of accreditation would incur substantial hardship and other undesired consequences to the whole of the school community.

Every effort shall be made to satisfy your Board in relation to all matters referred to in the Show Cause and Compliance Notices within the specified timeframe so that accreditation of the Sunshine Coast Grammar School may continue.

In meeting the accreditation requirements and to provide adequate satisfactory responses to your Board, we have engaged the services of Dr Keith Tronc to whom instructions have been forwarded today.

We shall be in contact with you again shortly.

Yours faithfully
Sunshine Coast Grammar School

Chairman

Released under the
RTI Act 2009

Dr KEITH TRONC

Ph.D. in Educational Administration (Alberta);
B.A., B.Ed.(Hons), M.Ed., M.Pub.Admin. (Qld);
M.A.(Hons), Dip.Ed.Admin (New England);
LL.B.(Hons), Grad.Dip.Leg.Prac. (Q.U.T.);
F.A.C.E.A.; F.Q.I.E.A.; F.A.I.M.
Formerly Associate Professor of Education, Griffith University

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DX 40351 UPPER MT GRAVATT
ABN 26 460 674 476

Ref:schscgs3.1

Emeritus Professor Roy Webb AO
Chairperson
Non State Schools Accreditation Board
Floor 21, Education House
30 Mary Street
BRISBANE Q 4000

Dear Professor Webb,

RE: SUNSHINE COAST GRAMMAR SCHOOL

I am pleased to advise that I was engaged on 5 September 2003 to assist the above-named school with advice. As intervening consultant, my aim will be to help with the establishment of processes which will facilitate the school's meeting of its required statutory accreditation criteria, recently the subject of a Compliance Notice and a Show Cause Notice from your Accreditation Board.

I have begun a planned series of meetings and discussions with school personnel, and, in particular, with the school Board. The deadline date of 7 November 2003 for formal written response to the Accreditation Board is noted, and no effort is being spared by anyone in the attempt to satisfy your Board's criticisms. My clear impression is of a sincere and earnest desire by all school Board Members and other involved persons to cooperate fully with your Accreditation Board's requirements, motivated by what the assessors have described as a "continuing commitment to the school vision".

I also note the assessors' conclusion that "there is a future for SCGS", with the educational program provided to students being seen as "sound and managed by competent, committed teachers". It seems obvious that a school of this relatively small size and fairly young age, which managed to achieve the outstanding result of three OP one scores by students in 2002, and which drew numerous highly positive comments by the assessors in relation to its educational program, is worth saving.

I am confident that I will be able to assist both your Board and the school Board in that salvage process, following the departure of s47(3)(b) the school's founder.

You may remember me as an Associate Professor of Education at your Griffith University, and a member of that University's Academic Board.

In my more than twenty-five years as an educational academic and administrator, specialising in educational administration as a discipline, I have had considerable

10/03
7.1

experience in assisting independent schools and colleges with satisfying accreditation criteria of various kinds and at various levels. Examples are St Thomas More College and Christian Heritage College. My work as a barrister over the last thirteen years has centred mainly on school law cases, in which I have an extensive practice, and also as an expert witness for the courts, particularly the NSW and Victorian courts, in educational administration. I provide legal and administrative advice as an educational consultant for many independent schools, particularly in legal risk management, and I have delivered professional development in-service courses to thousands of Australian teachers and principals in matters of educational administration and school law.

Interestingly, I have had the privilege on a number of occasions, of working with my professional colleague and your Board's assessor, Dr Murray Evans, who will, I am confident, attest to my capacity to assist the Sunshine Coast Grammar School.

For your information, I have enclosed my curriculum vitae and other relevant background information.

I have now completed my study of the Act and Regulations and of the Assessors' Report and letter, together with the Notices. Accordingly, I am writing to ask for a small measure of assistance in the task of compiling responses to the Notices.

I would be most grateful at this stage, if your Board could provide "further and better particulars" of the following areas seen by your assessors to be deficient:

- a) Criteria which should now be relied on for remedying a "lack of teacher aides and administrative support staff", in particular, those benchmarks of the Block Grant Authority previously relied on. It would be of considerable assistance, if the Accreditation Board could now indicate specific kinds and levels of support services perceived to be inadequate, rather than relying on global numerical formulae.
- b) Criteria which should now be relied on for remedying a lack of "adequate library facilities and resources", by breakdown of type of resource perceived to be needed, including allowance for computer-based resources, rather than positing a global number of print items only, on the basis of the Australian Librarians Association Standards.

I express the hope that you will now encourage me to continue an ongoing communication and clarification process with your Board, wherever necessary in the lead-up to the response deadline date, in the interests of ensuring that the school Board's efforts remain consonant with your requirements for change.

Yours sincerely,

Keith Tronc

Chambers
10 September 2003

Dr Keith Tronc
Barrister-at-Law
Supreme Court of Queensland
Supreme Court of New South Wales
High Court of Australia

6 October 2003

Ms Deborah Tanzer
A/Senior Investigator
Office of Non-State Education
Education Queensland
Floor 21 Education House
30 Mary Street
BRISBANE QLD 4000

Dear Ms Tanzer

SUNSHINE COAST GRAMMAR SCHOOL - FURTHER AND BETTER PARTICULARS

I refer to your e-mail received on 24 September 2003, requesting additional information in relation to our report on Sunshine Coast Grammar School and enclose the following:

1. Examples of school management benchmarks used by the Block Grant Authority; and
2. Fax from Dr Murray Evans with additional information regarding library resources.

Could you please review the information provided and let me know if it is sufficient for your response to the consultant to the Governing Body of the School.

Yours Sincerely
WILLIAM BUCK



D W LANGDON
PARTNER

7/10/03 Telephoned Don & advised information was sufficient.

DTanzer.

**PRIVATE &
CONFIDENTIAL****EXAMPLES OF SCHOOL MANAGEMENT RATIOS AND BENCHMARKS**

		RANGE
STUDENT/TEACHER RATIO (including Principal)	PRIMARY SECONDARY	18:1 to 20:1 12.5:1 to 14:1
DEBT PER STUDENT less APPROVED CAPITAL GRANTS (not including Boarding)	AVERAGE	\$5000-\$8000 Approx \$6000
MAY BE HIGHER FOR A COUPLE OF YEARS IN A YOUNG GROWING SCHOOL		
DEBT SERVICING PER STUDENT Less APPROVED CAPITAL GRANTS		\$850-\$1250
DEBT SERVICING AS % OF FEES (depending on fee level) Less APPROVED CAPITAL GRANTS		30%-45%
DEBT SERVICING AS % OF TOTAL INCOME Less APPROVED CAPITAL GRANTS AND LOANS		10%-15%
TEACHERS' SALARIES INCLUDING SUPERANNUATION		\$50000-\$62000
TOTAL RECURRENT EXPENDITURE PER STUDENT Less CAPITAL INTEREST, RENT & NON CASH ITEMS		\$5000-\$7000
TEACHERS AIDE PER CLASS (ie STREAMS X YEARS)		30%-35%
TEACHING AND ADMIN COSTS - OTHER PER STUDENT ie RECURRENT COSTS less ALL SALARIES INC. CONTRACT, INTEREST, DEPRECIATION, RENT, LEASE AND LONG SERVICE PROVISION		\$1100-\$1300
SALARIES AS % OF RECURRENT EXPENDITURE		55%-62%
TEACHERS' SALARIES AS % OF RECURRENT EXPENDITURE		45%-52%
DEBT REDEMPTION PER YEAR AS % OF TOTAL DEBT		7.5%-10%
DEBT RATIO TO INCOME		70%-100%
SURPLUS CENTS PER DOLLAR OF INCOME (BEFORE CAPITAL GRANTS AND LOANS)		13c-15c
EXPENDITURE AS % AGSRO (AV. GOVT SCHOOL RECURRENT COST)		90%-100%

These benchmarks should be used as indicators of good sound school management. However, there are many variables that need to be taken into consideration when assessing a school's ability to contribute to a project. These include the age of the school, Primary or Secondary, enrolments, fee structure, fast or slow growing, city or provincial, recent history, client base (SES) and so on.

The school must be able to show its long term viability.



SOMERVILLE HOUSE

TEL: +61 7 3248 9212

FAX: +61 7 3846 1450

FAX FROM THE PRINCIPAL

TO: Don Langdon

FROM: DR MURRAY J EVANS

COMPANY: Hall Chadwick

DATE: 03 October '03

FAX NUMBER: 32106183

NO. OF PAGES INC. COVER: 8

☒ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

Dear Don,

Here is the reference material regarding library resources. I have underlined some key items.

Table 2 is the critical bit.

You will notice that electronic sources are also listed.

I do not have details of the electronic holdings of SCSS, but the number of machines may suggest and equal investment in software and networking, but that can't be guaranteed.

However, they fall clearly below the minimum holdings as identified for Australian schools.

Regards

Murray

P O BOX 357, SOUTH BRISBANE Q 4101
AUSTRALIA

LEARNING FOR THE FUTURE

DEVELOPING
INFORMATION
SERVICES
IN SCHOOLS

Curriculum
Corporation
2001

SECOND EDITION

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Somerville House Information Centre



129445

for { Australian School Library Association (ASLA)
Australian Library & Information Association (ALIA)

EVALUATING OUTCOMES

A regular review of the school's information resource needs, and how well they are being met, provides the data needed to commence the next planning cycle.

Evaluation determines:

- > the effectiveness of the available information resources in meeting the curriculum and extra-curricular needs of the school and in contributing to improvement in student outcomes;
- > the effectiveness of the school's collection development strategies in attaining the policy priorities within budget targets.

Strategies appropriate to evaluating the available information resources include the collection and analysis of the following types of data:

- > items held from recommended lists in a priority area
- > growth rates in various parts of the collection
- > numbers of loans in specific interest areas
- > resources used in the information services centre but not borrowed
- > the amount of time students spend on the World Wide Web (WWW), and using databases and software
- > student and staff access to the school network from both within the information services centre and from external places
- > analysis of student reference lists
- > mapping of the collection in specific areas to determine the match between available resources and curriculum need
- > the variety of formats within a content area
- > types and levels of resources within a content area
- > dollars per student allocation
- > number of resources per student allocation.

The purpose for collecting the data should be clearly identified and the strategies chosen accordingly. The information gathered is likely to be more reliable if more than one approach is adopted.



Guidelines and indicators

Resourcing the curriculum is an ongoing process of analysis, selection and evaluation, guided by the resource policy and budget planning. These guidelines provide indicators of the factors that contribute to the development of a collection of quality resources at appropriate levels to

RESOURCING THE CURRICULUM 29

support curriculum needs and the competencies of all students.
Contribution to student learning outcomes is the ultimate resource selection criterion.

QUALITATIVE STANDARDS

- The composition of the information services collection is based on student and staff needs and school priorities.
- A collection development policy that has been developed as part of the school plan guides the ongoing process of analysis, selection and evaluation, and budget planning.
- Curriculum and students' needs are closely monitored to ensure that:
 - there are adequate resources at appropriate levels for all resource-based units and to meet personal and recreational needs;
 - new curriculum and interest areas are resourced;
 - new ways of teaching and learning are reflected in new ICTs and resources.

Guidelines for resource selection

- Resources are selected by professional staff with a knowledge of curriculum, learning styles, collection development, information and communication technology, and resource-selection criteria.
- Time and opportunities are provided for teachers and students to work with appropriate Information Services staff to determine needs and select resources.
- Recognised reviewing tools are used to provide quality information to guide selection.
- Resource selection procedures ensure that resources provide optimal value in terms of curriculum relevance, accuracy, authority, reliability and accessibility.
- Information resources are selected according to the principles of intellectual freedom and provide students with access to information that represents diverse points of view.
- Resources encompass a variety of media and information formats to suit varied learning purposes and styles.
- The ratio of print, non-print and electronic items in each collection is determined by individual schools to meet their

particular needs. It is expected that all collections will include a variety of print, non-print and electronic media.

- ICTs and other relevant equipment to access information in the various formats is available and is supported by adequately funded replacement, maintenance and acquisition policies.
- Value for expenditure is maximised, and duplication minimised by centrally recording and disseminating information resources within the school through the information services centre.
- Sources of information and resources, physically and electronically available and accessible outside the school, are identified.
- There is active participation in resource-sharing networks.
- Resource collections are continually monitored so that:
 - an up-to-date collection with an average age of less than 10 years is maintained;
 - the relevance of resources is reconsidered after approximately six years. The rate of change of knowledge in a specific area will determine the rate at which a resource becomes obsolete and for some sections of the collection this will be before the 10-year period has elapsed, for example, changing international borders;
 - worn and inappropriate material is discarded with at least 10 per cent of the items replaced annually.

QUANTITATIVE STANDARDS

* Teaching and learning outcomes are enhanced when at least a base level collection of resources is available at the time they are required by students. Table 2 is designed to help schools determine whether the resource collection is likely to be adequate to meet basic demands. Figures were derived from a national survey of levels of provision in Australian schools and is considered to be a realistic minimum target for all schools. The figures apply only to those resources that meet the quality standards described above.

Table 2 gives an indication of overall size of the collection and is useful for determining a base figure for budgeting purposes. Additional factors including the individual characteristics of the school and student needs will determine the actual budget required.

A foundation collection is defined as one that provides an acceptable resourcing level to meet learning outcomes.

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RESOURCING THE CURRICULUM 31

Table 2: Size of foundation collection

(A Select Survey of School Library Resource Centres in Australia September 1992, ACLIS, ALIA, ASLA, Canberra and Revision of Learning for the Future: Supplementary Surveys 1999, ASLA, ALIA, Canberra)

Enrolment (Note 1)	Collection size (Note 4)	Access to Electronic Resources (Notes 5 and 6)	Items per student (Note 2)
100	3,450	48	34
150	4,719	66	31
200	5,861	82	29
250	6,909	96	27
300	7,880	110	26
350	8,790	123	25
400	9,646	135	24
450	10,454	146	23
500	11,221	157	22
600	12,646	177	21
700	13,944	195	20
800	15,137	211	19
900	16,235	227	18
1,000	17,250	241	17
1,100	18,189	254	16
1,200	19,061	266	16
1,300	19,869	278	15
1,400	20,620	288	15
1,500	21,318	298	14
1,600	21,964	307	14
1,700	22,567	315	13
1,800	23,115	323	13
1,900	23,639	330	12
2,000	24,114	337	12

Notes

- 1 Enrolment figures refer to actual numbers of students enrolled, except in schools with senior school enrolment where actual senior school enrolment is doubled and added to the number of students enrolled in the junior school.
- 2 Number of items per student at the traditional collection size.
- 3 For schools with enrolments of less than 100, the collection is calculated on 20 items per student, but no school should have a stock of less than 1,000.
- 4 The figures include all physical resources and is based on an up-to-date collection with an average age of less than 10 years.

- 5 Access to electronic resources, in particular, subscription services and WWW is dependent on student access to the network and consequently the Internet. These figures are additional to the figures in the collection size.
- 6 The figures incorporate:
- a Software available on CD-ROM, floppy disk and installed on hard drive or file servers: 27%
 - b Electronic subscription services for full text, information or index services, WWW commercial subscription sites: 3%
 - c Teacher- or school-developed electronic materials available through the network or intranet: 5%
 - d WWW sites that have been professionally selected according to designated criteria: 65%.

Note: the nature of electronic resources make them available to multiple users at one time, one-to-many, whereas traditional resources are based on a one-to-one use of the resource. To this end including an electronic resource as a physical item in a collection is not an indicator as to the numbers of users the resource will be available to at any one time. The survey (A Select Survey of Electronic Resources in Australian Schools) ASLA, ALIA, Canberra, 1999) of electronic resources is based on curriculum use and access types to electronic information.

FUNDING

Funding is determined by needs-based budgeting derived from the curriculum, student and collection needs identified through the ongoing process of analysis and evaluation. An additional factor to be taken into consideration is collection size.

Table 2 (see page 31) indicates a base allocation of resources that can be used to determine the minimum required levels of resource funding for collection development. To maintain the collection at the recommended level with a 10 per cent annual replacement rate, expenditure is based on a per student amount. This is calculated thus:

Number of items recommended as the collection size $\times$ 10% $\times$ average price of resources

Should the school's collection require development to meet the foundation collection size, a development component of the budget should be devised.

RESOURCING THE CURRICULUM 33

To determine the extent of additional funding requirements the following factors should be taken into account:

- > distance and isolation from major centres and access to supplementary resources from other agencies such as public libraries;
- > existing quality of the school's resource collections;
- > degree of dispersal or centralisation of the school's resource collections (for example, multicampus schools and their accessibility to students and teachers);
- > access to resource-sharing networks (interschool, statewide, national) and interlibrary loan facilities;
- > special populations of students (with particular language, cognitive, cultural or other needs and abilities, and related resource needs);
- > changes in curriculum emphases (for example, the new courses in post-compulsory years of schooling);
- > establishment costs of new collections for at least the first five years;
- > upgrading technology (this is an ongoing maintenance component of the school's ICT plan but should be no less than 10% of the ICT budget. If a leasing option is used, this upgrading component should be included within the leasing arrangements);
- > the amount and type of information and communication technology required for effective and equitable access to electronic resources;
- > sudden growth in student numbers.

It is recommended that schools determine interim targets relative to available funds and their ability to expend such funds.

Released Under RTIA Act

bennett & philp - solicitors



30 SEP 2003

BY: _____

DATE: 30 September 2003
 TO: Professor Roy Webb
 FIRM: Chairperson
 Non State Schools Accreditation Board
 FAX NO: 3237 0004
 FROM: Michael Bigg
 EMAIL: mbigg@bennettphilp.com.au
 OUR REF: MSB:en:231663
 TOTAL PAGES: 2 (inclusive of this page)

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ASSOCIATES

John Harvey, B.Bus (Accy), LL.B.
 Anne-Marie Coulin, B.A., LL.B.*



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Dear Professor Webb

SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

We act on behalf of s47(3)(b) and s47(3)(b) who are the shareholders of the above company, although not represented on the Board.

We refer to the Show Cause Notice directed to Sunshine Coast Grammar School Pty Ltd and enclosed with your letter of 2 September 2003.

In particular we refer to items 4, 6, 7 and 8 (land and buildings).

s47(3)(b)

s47(3)(b)

must be secured to comply with Local Council requirements that the school have a second external access for use in the case of emergencies.

The Option must be exercised by s47(3)(b) at any time before 30 December 2003 at which time a binding contract comes into existence, a term of which requires settlement to be no later than 30 days from the date of exercise of the Option.

Our client has made arrangements for finance and we are in the process of finalising loan and security documentation required by the financier. We expect s47(3)(b) to be in a position to exercise the Option by no later than the end of

- 2 -

30 September, 2003

this week (Friday 3 October 2003) which means that settlement will take place no later than 30 days after that date ie on or before 3 November 2003.

s47(3)(b) has instructed us that immediately after completion he will grant to the school irrevocable access easement over Lot 1 which will enure for the benefit of the school in perpetuity. This easement by its nature will be irrevocable by s47(3)(b) or any future owner of the land.

The easement to be granted will be over at least the area presently occupied by the sealed access road running through Lot 1 to the school's premises and will be in conformity with Local Council requirements.

It will be necessary to have a survey plan prepared for the easement before it can be lodged. After lodgment the plan will have to be checked by the Land Titles Office along with the easement itself before it will be registered.

Given the likely delays and the fact that lodgment of the easement cannot take place until after settlement, we doubt the easement will be registered prior to the deadline for compliance with the Show Cause Notice ie 7 November 2003.

Nevertheless, our clients have requested us to write to you advising what is happening in relation to this matter.

As you may also be aware our client has retained Hall Chadwick (now William Buck) to act on their behalf with a view to disposing of their interests in the school. s47(3)(b) accepts that it is no longer tenable for him to remain involved with the school in any way, even as a passive shareholder and that it is in the best interests of the school that he divest himself of any connection whatsoever. He is moving as quickly as possible to bring this about.

If you have any queries please don't hesitate to contact Michael Bigg of our office.

Yours faithfully,
BENNETT & PHILP

posted 20/9/03
Deborah Tanzer



**Non-State Schools
Accreditation Board**
Queensland Government

Deborah Tanzer
(07) 323 54661

29 September 2003

Mr S Marquardt and Mrs C Reason
Sunshine Coast Grammar School
372 Mons Road
FOREST GLEN QLD 4556

Dear Mr Marquardt and Mrs Reason

Thank you for your letter received on 17 September 2003 concerning the Enterprise Bargaining negotiations for the new Enterprise Bargaining Agreement at Sunshine Coast Grammar School. I note you also directed this letter to the Board of Teacher Registration and the Commission for Children and Young People.

I understand you are concerned about s47(3)(b) involvement in the negotiations and have requested advice as to whether s47(3)(b) involvement is legal and lawful, and/or ethical and appropriate (given his deregistration as a teacher in Queensland).

Unfortunately, I am unable to provide you with advice concerning these particular matters. As you noted in your letter, s47(3)(b) relinquished his role as director of the governing body of the school. The Non-State School Accreditation Board's investigative powers are limited to assessing the suitability of a governing body and whether or not a school is complying, or has not complied, with an accreditation criterion prescribed by the *Education (Accreditation of Non-State Schools) Act 2001*.

I am pleased with your advice that the Enterprise Bargaining Agreement is progressing well and hope that the negotiations will be successfully finalised.

Thank you for bringing this matter to my attention.

Yours sincerely

LAURIE VOGLER
Director

Letter enclosed in disc.

g:\nssab\schools\sunshine coast grammar school
scgs Vogler ltr to Coprincipals

Floor 21 Education House
30 Mary Street Brisbane 4000
PO Box 347 Brisbane Albert Street BC
Queensland 4002 Australia
Telephone 07 3237 9947
Facsimile 07 3237 9946

SUNSHINE COAST GRAMMAR SCHOOL

372 Mona Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA



17 September 2003

Board of Teachers Registration Qld – Ms Debra Cunningham – Fax: (07) 3870 5006
Commission for Children and Young People – Ms Robin Sullivan – Fax: (07) 3247 5507
Non-State Schools Accreditation Board – Mr Laurie Vogler – Fax: (07) 3237 9946

Dear Sir/Madam

We are writing to you as the Co-Principals of the Sunshine Coast Grammar School in relation to a matter of concern.

As you are aware, s47(3)(b) has been deregistered as a teacher in Queensland. s47(3)(b) to the best of our knowledge, does not hold a relevant blue card under the 'Working with Children' legislation and s47(3)(b)

It has come to our attention that s47(3)(b) is currently involved in the Enterprise Bargaining negotiations for the new Enterprise Bargaining Agreement at Sunshine Coast Grammar School. We have, in no way, authorised or sanctioned this involvement and we are sufficiently concerned about this matter to write to you and seek further advice.

We have questioned the school's legal representative in the Enterprise Bargaining Agreement negotiations, Mr Mitch Devine, from McColm Matsinger Law, Solicitors on the Sunshine Coast. We met with Mr Devine to discuss the Enterprise Bargaining Agreement on Tuesday 9 September and during this time questioned him about s47(3)(b) involvement in the EBA process. Mr Devine indicated that s47(3)(b) involvement was as s47(3)(b) of Sunshine Coast Grammar School Pty Ltd. Mr Devine indicated to us that s47(3)(b) participation was minimal.

A meeting in relation to the Enterprise Bargaining Agreement took place between QIEU representatives, Mr Devine, s47(3)(b) and a Brisbane based barrister, Mr Andrew Herbert on Wednesday 10 September. Andrew Herbert was there because of experience in Enterprise Bargaining negotiations and at the request of Mr Devine.

I have contacted Mr Greg McGhie from the QIEU. Mr McGhie was a participant in the meeting and he indicated that good progress was made on the agreement and several areas of resolution addressed. Mr McGhie indicated that s47(3)(b) was very much an active participant in the Enterprise Bargaining negotiations that took place and further he also indicated that s47(3)(b) was playing a major role in the negotiations.

While it is pleasing to see the Enterprise Bargaining Agreement progressing well, we are concerned about the direct involvement of s47(3)(b)

Further, we believe that the staff and school community would be extremely worried about s47(3)(b) involvement, given the decision of Judge Boyce to uphold the Board of Teacher Registration's decision to deregister s47(3)(b)

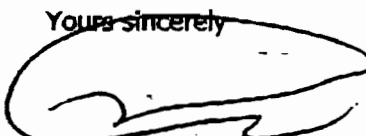
Of particular concern is the fact that clauses have been written into the current Enterprise Bargaining Agreement as a direct result of [s47(3)(b)] time as Head of School. In putting forward certain clauses, staff were attempting to address areas of management and leadership style that had been of concern. Further, as the Enterprise Bargaining Agreement directly relates to the employment conditions of staff at the Sunshine Coast Grammar School, we are very concerned about whether it is appropriate for [s47(3)(b)] to be involved in such discussions and to be playing an active role in the process.

Initially, could you please provide advice to us as to whether:

- i) [s47(3)(b)] involvement is legal and lawful
- ii) given the rulings against [s47(3)(b)] whether his involvement is ethical and appropriate

We seek to provide a safe and supportive school and work environment. We are very concerned that our school not be put at risk in any way and therefore ask that you give this matter your full attention. An early response would be appreciated.

Yours sincerely


Mr Stuart Marquardt
Co-Principal

CA Reason
Mrs Coral-Anne Reason
Co-Principal

Contact details:

Mr Stuart Marquardt

Email: smarquardt@scgs.qld.edu.au

Direct line: (07) 5477 4425

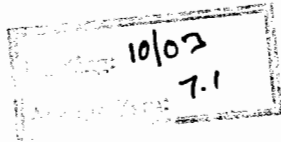
Mobile: 0408 544 520

Mrs Coral-Anne Reason

Email: creason@scgs.qld.edu.au

Direct line: (07) 5477 4407

Mobile: 0408 544 523



23 September 2003

Mr Brian Bruce
Chairman
Sunshine Coast Grammar School Acquisition
Steering Committee
PO Box 382
Yandina Qld 4561

Dear Mr Bruce

I refer to your letter received on 22 September 2003 in which you inform the Non-State Schools Accreditation Board of the aims and objectives of the Sunshine Coast Grammar School Acquisition Steering Committee and request a copy of the 2 September 2003 show cause notice issued to Sunshine Coast Grammar School Pty Ltd as governing body of Sunshine Coast Grammar School under the *Education (Accreditation of Non-State Schools) Act 2001*.

The Accreditation Board is unable to agree to your request for a copy of the show cause notice. The Accreditation Board is prohibited by section 173 of the Act from disclosing this information about the school.

The Board notes that you have not requested a copy of the compliance notice issued on the same day to the school's governing body. I advise that section 173 of the Act also rules out release of this document.

Members of the Accreditation Board appreciate being kept informed about activities of the Sunshine Coast Grammar School Acquisition Steering Committee.

Yours sincerely

Mr Laurie Vogler
Director

F.R.O.G.S.

BUSINESS NETWORKS



16th September 2003

Professor Emeritus Roy Webb,
Chairman
Non State Schools Accreditation Board
P.O. Box 347
Brisbane Albert Street 4002

Dear Sir,

Sunshine Coast Grammar School

The Friends and Relatives of the Grammar School (F.R.O.G.S.) Management Committee and The Committee of the Parents Club have jointly formed the Sunshine Coast Grammar School Acquisition Steering Committee (SCGS-ASG). F.R.O.G.S. is a properly constituted legal entity. The intention of the Steering Committee is to review the ownership of the Grammar School and formulating and/or facilitating a proposal or proposals for the acquisition and hence change of ownership of the Grammar school.

The Steering Committee has been actively examining various options in order that they may formulate a proposal themselves to acquire the school by negotiating the acquisition of the assets of the school and their funding.

As with all concerned with the school the decision of the NSSAB to ask the present owners and their Board of Management to show cause has been of some concern to the Steering Committee. The Board of Management has revealed some of the points of concern to the NSSAB but we believe that they have not revealed the whole of the contents of the notice. The Board of Management has been asked for a complete copy of the notice but this request has been denied.

The Steering Committee is of the opinion that not having knowledge of the whole of the contents of the notice impedes their considerations in relation to their ability to address the concerns and thereby be in a position to comply and gain accreditation should a proposal from the committee be successful with regard to the acquisition of the school.

To assist the Steering Committee complete their consideration would you please provide a complete copy of the notice and all accompanying documents at your earliest convenience as the date of expiry being 6th November 2003 is now only a little over 6 weeks away and time is of the essence. Because of the sensitivity of the documents, the envelope containing your documents should be marked "PRIVATE AND CONFIDENTIAL. TO BE OPENED BY THE ADDRESSEE ONLY" sealed and addressed to the Committee C/- P.O. Box 382 Yandina 4561 as it would be inappropriate for it to be addressed to the school.

F.R.O.G.S. Business Networks

Sunshine Coast Grammar School

372 Mons Road, FOREST GLEN QLD 4556

P.O. Box 849, BUDERIM QLD 4556 Phone: (07) 5445 4444 Fax: (07) 5445 4345

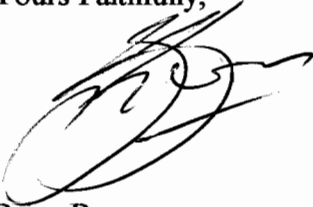
RECEIVED
27 SEP 2003

BY:

Should you wish to discuss this matter with the Steering Committee please contact the undersigned on 0408 641 801 or Robyn Perrin on 0438 446 321.

The Steering Committee will appreciate your assistance in this matter.

Yours Faithfully,



Brian Bruce
Chairman
SCGS-ASC

Released under the
RTI Act by DET

REASON Coral-Anne

From: MARQUARDT Stuart
Sent: Thursday, 18 September 2003 9:42 AM
To: 'Malcolm McColm'
Cc: 'Mitch Devine'; REASON Coral-Anne; 'gmcghie@qieu.asn.au'; FERGUSON Glen
Subject: RE: NSSAB

Dear Malcolm

It comes as no surprise to me that this would be your response to what has been a simple request, to be fully informed on the NSSAB investigation and to be provided with the report in it's entirety.

I expected that the Board would seek to cover up the details of the report.

This is consistent with the governance being provided to the school.

The Board had an opportunity this year to lead the school into a new era. It was obvious that the eyes of the staff and the school community would be on the Board. The lack of confidence in the Board shared by the staff and the school community is a direct response to the governance being provided. The Board is being judged on its actions.

I am saddened that the Board has now commenced a character and professional assassination of Coral-Anne and myself as a means of justification for poor governance.

I will not condone this. The behaviour of the Board towards myself and Coral-Anne as Co-Principals during the 2003 school year has been appalling. The aggression and standover tactics when justifiable questions have been raised has been highly inappropriate. The intimidation and harassment to try to bully us into accepting the unacceptable is wrong.

Such treatment has impacted greatly on my health and family life. I have difficulty sleeping, am experiencing chest pain and have been physically ill before coming to school on many mornings this year. Despite the trauma created by the work environment, conditions and actions of the Board I have continued to work around the clock to deliver quality outcomes for our children.

The Board appears to be oblivious to the welfare of the Principals, to care little for the welfare of the staff, parents and children. The emotional drain of the past twelve months has taken its toll on the whole school community. The damage to the professional reputation of the school, the staff, the parents and the children seems to be of little concern to the Board.

I will no longer tolerate Board meetings conducted as the 'boys club'. Ross' foul language and use of the 'F' word is totally unacceptable. To end his presence at the last meeting with the statement that 'everything was fine until [s47(3)(b)] fucked us up the arse' was totally inappropriate. For you to sit there as Chairperson and say nothing shows that you support and condone such behaviour. In future, Ross will be treated as any other member of the school community. If he cannot control his language he will be asked to leave the school property.

I will no longer sit and be attacked at Board meetings. If this occurs, I will remove myself from the Board meeting. I will not be used as a scapegoat for the poor governance being delivered to the school.

I have little faith left in the Board and even less in your leadership of it.

Stuart

-----Original Message-----

From: Malcolm McColm [mailto:mmccolm@mmlaw.com.au]
Sent: Wednesday, 17 September 2003 11:04 AM
To: REASON Coral-Anne; MARQUARDT Stuart

FAX to 32370004
2 PAGES

REASON Coral-Anne

From: Malcolm McColm [mmccolm@mmlaw.com.au]
Sent: Wednesday, 17 September 2003 11:04 AM
To: REASON Coral-Anne; MARQUARDT Stuart
Cc: wbrewer1@bigpond.net.au; rjohnston@jr.com.au; sbeebe@powerup.com.au
Subject: NSSAB

Dear Stuart and Coral-Anne

Thank you for your responses advising that neither of you have sighted any part of the NSSAB report or associated documentation. If any portion does come to your attention I request that you notify me immediately.

Have you stopped to consider why this is the case?

The reason is very simple.

One of the hallmarks of your administration of the school this year has been the leakage of confidential information that has then been used in ways which are negative and damaging to the school.

The examples of this are multiple and continue right up to the present.

If the leakages have occurred without your assistance, then they have been perpetrated by staff members who have no respect for your authority as Co-principals.

I have been warning you that your actions in paying lip service to the Board while at the same time showing overt disrespect regarding decisions that you do not approve of, will rebound on you. The lack of respect for authority that you yourselves display shall underpin a lack of authority by your staff to yourselves. This shall ultimately lead to a total loss of authority and control.

As regards the immediate issue, it is somewhat irrelevant as to whether past leakage occurred from you directly, with your assistance or as a result of your maladministration in this area.

The leakage of information has now become apparent to persons outside the school.

The NSSAB is aware from the information it has received that its source is from inside the school and within your administration.

The NSSAB recognised that if the Report, Show Cause Notice, Compliance Notice and associated material was leaked to the school community, it would be potentially very damaging to the school. They understood that if sent to the school leakage of information would occur.

Without any request by me, the NSSAB voluntarily chose to bypass the school (though the school is the formal correspondence address on their records) and to send the documentation directly to me with the express suggestion that confidentiality should be maintained.

Yesterday, I received a letter from the Commonwealth Bank following its discussions with the NSSAB in the last week. They also advised that the NSSAB had told them the NSSAB deliberately chose not to disclose the nature and contents of the material so as to avoid causing unnecessary harm to the school or stress to the school community. Indeed, the Commonwealth Bank is now asking for a "please explain" as to why even the current level of information has been supplied to the school community.

If, as Co-principals, you had been able to deliver the level of confidentiality required in this matter, as recognised by NSSAB, the Commonwealth Bank and the Board, then we would have been able to share matters openly with you.

As principals and educators, you have done and continue to do an excellent job.

As managers and administrators, your leadership and actions leave much to be desired. In some areas, you are indistinguishable from other staff.

I would also like to make the point to you that the Board has been critical of your performance in certain respects as Co-principals only in private - that is to say, within the confines of Board meetings or direct private communications with you. Irrespective of our individual personal views, our comprehensive support for you in your roles as Co-principals has been maintained in all respects including directors interviews with the NSSAB assessors and our communications with the school community. We have done so because we recognise that this support is essential for you to be able to maintain the authority and respect of the school community and to do your job.

Unfortunately, you have chosen not to reciprocate such an essential courtesy to the Board, and I sincerely hope that your undermining of the Board shall not result in damaging consequences to the school in the immediate future.

I trust from the content of this email it is now apparent to you why full disclosure has not been given to you - namely - that this would not be in the best interests of the school. I repeat that this is not a view shared solely by either myself or your Board.

Reverting to the reason for your request, I do not understand why you would be unable to deal with the documents and information requested by my email of 15th September.

If you have difficulty identifying either the documents requested or the information sought, please explain your difficulties by return email.

As you are aware, this matter is urgent. Please action it accordingly.

Yours sincerely

Malcolm McCole

Released under the
RTI Act by DET

To: Mr L Vogler

Fax: 3237 0004

From: Robyn Perrin

Pages: 12

Date: 14/09/03

Re: Sunshine Coast Grammar School

Dear Mr Vogler

I have been asked to forward to you a letter prepared by one of the parents at our school for your information. This letter looks at the possibility of a court declaration being obtained declaring the assets held by Sunshine Coast Grammar School Pty Ltd to be held in trust.

I also attach news articles relating to the school for your information.

Regards

Robyn Perrin

Released under the
RTI Act by DET

Pages 126 through 132 redacted for the following reasons:

Schedule 3, item 7

Released under the
RTI Act by DET

Dr KEITH TRONC

Ph.D. in Educational Administration (Alberta);
B.A., B.Ed.(Hons), M.Ed., M.Pub.Admin. (Qld);
M.A.(Hons), Dip.Ed.Admin (New England);
LL.B.(Hons), Grad.Dip.Leg.Prac. (Q.U.T.);
F.A.C.E.A.; F.Q.I.E.A.; F.A.I.M.
Formerly Associate Professor of Education, Griffith University
BARRISTER-AT-LAW

PO Box 6490
Upper Mt Gravatt
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Telephone (07) 3849 2300
Mobile 0411 131 594
Facsimile: (07) 3849 2500
DX 40351 UPPER MT GRAVATT
ABN 26 460 674 476

Ref:schscgs3.1

Emeritus Professor Roy Webb AO
Chairperson
Non State Schools Accreditation Board
Floor 21, Education House
30 Mary Street
BRISBANE Q 4000

Dear Professor Webb,

RE: SUNSHINE COAST GRAMMAR SCHOOL

I am pleased to advise that I was engaged on 5 September 2003 to assist the above-named school with advice. As intervening consultant, my aim will be to help with the establishment of processes which will facilitate the school's meeting of its required statutory accreditation criteria, recently the subject of a Compliance Notice and a Show Cause Notice from your Accreditation Board.

I have begun a planned series of meetings and discussions with school personnel, and, in particular, with the school Board. The deadline date of 7 November 2003 for formal written response to the Accreditation Board is noted, and no effort is being spared by anyone in the attempt to satisfy your Board's criticisms. My clear impression is of a sincere and earnest desire by all school Board Members and other involved persons to cooperate fully with your Accreditation Board's requirements, motivated by what the assessors have described as a "continuing commitment to the school vision".

I also note the assessors' conclusion that "there is a future for SCGS", with the educational program provided to students being seen as "sound and managed by competent, committed teachers". It seems obvious that a school of this relatively small size and fairly young age, which managed to achieve the outstanding result of three OP one scores by students in 2002, and which drew numerous highly positive comments by the assessors in relation to its educational program, is worth saving.

I am confident that I will be able to assist both your Board and the school Board in that salvage process, following the departure of s47(3)(b) the school's founder.

You may remember me as an Associate Professor of Education at your Griffith University, and a member of that University's Academic Board.

In my more than twenty-five years as an educational academic and administrator, specialising in educational administration as a discipline, I have had considerable

experience in assisting independent schools and colleges with satisfying accreditation criteria of various kinds and at various levels. Examples are St Thomas More College and Christian Heritage College. My work as a barrister over the last thirteen years has centred mainly on school law cases, in which I have an extensive practice, and also as an expert witness for the courts, particularly the NSW and Victorian courts, in educational administration. I provide legal and administrative advice as an educational consultant for many independent schools, particularly in legal risk management, and I have delivered professional development in-service courses to thousands of Australian teachers and principals in matters of educational administration and school law.

Interestingly, I have had the privilege on a number of occasions, of working with my professional colleague and your Board's assessor, Dr Murray Evans, who will, I am confident, attest to my capacity to assist the Sunshine Coast Grammar School.

For your information, I have enclosed my curriculum vitae and other relevant background information.

I have now completed my study of the Act and Regulations and of the Assessors' Report and letter, together with the Notices. Accordingly, I am writing to ask for a small measure of assistance in the task of compiling responses to the Notices.

I would be most grateful at this stage, if your Board could provide "further and better particulars" of the following areas seen by your assessors to be deficient.

- a) Criteria which should now be relied on for remedying a "lack of teacher aides and administrative support staff", in particular, those benchmarks of the Block Grant Authority previously relied on. It would be of considerable assistance, if the Accreditation Board could now indicate specific kinds and levels of support services perceived to be inadequate, rather than relying on global numerical formulae.
- b) Criteria which should now be relied on for remedying a lack of "adequate library facilities and resources", by breakdown of type of resource perceived to be needed, including allowance for computer-based resources, rather than positing a global number of print items only, on the basis of the Australian Librarians Association Standards.

I express the hope that you will now encourage me to continue an ongoing communication and clarification process with your Board, wherever necessary in the lead-up to the response deadline date, in the interests of ensuring that the school Board's efforts remain consonant with your requirements for change.

Yours sincerely,

Keith Tronc

Chambers
10 September 2003

Dr Keith Tronc
Barrister-at-Law
Supreme Court of Queensland
Supreme Court of New South Wales
High Court of Australia

SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA



8 September 2003

The Chairperson
Non-State Schools Accreditation Board
PO Box 347
BRISBANE ALBERT STREET BC 4002

Dear Sir

On behalf of the School I acknowledge receipt of your letters of 2 September 2003, the enclosed Notices (Show Cause and Compliance) and the assessor's reports and accompanying letter dated 18 August 2003.

Loss of accreditation would incur substantial hardship and other undesired consequences to the whole of the school community.

Every effort shall be made to satisfy your Board in relation to all matters referred to in the Show Cause and Compliance Notices within the specified timeframe so that accreditation of the Sunshine Coast Grammar School may continue.

In meeting the accreditation requirements and to provide adequate satisfactory responses to your Board, we have engaged the services of Dr Keith Tronc to whom instructions have been forwarded today.

We shall be in contact with you again shortly.

Yours faithfully
Sunshine Coast Grammar School

Chairman

Released under RTI Act 2009

RECEIVED
- 9 SEP 2003

BY:

Outsuffering
Family swim:
Page 3



**An actor's
life for
Tim:
Sunday
Life**



TWO MEN DIE IN SEPARATE INCIDENTS ON COAST: PAGE 2

Parents closer to buying Grammar

Group hopes to finalise school
proposal in next two weeks

By GORDON CLARK
gclark@scnews.com.au

A GROUP of Sunshine Coast Grammar School parents and teachers hope to finalise a proposal in the next two weeks to buy and run the school.

The move comes after founder and owner John Burgess lost his appeal in July against his deregistration following revelations he had sex with a 13-year-old student when he was teaching in New South Wales in 1977.

The group has formed a SCGS Acquisition Steering Committee made up of members of the school's two representative bodies, the Friends and Relatives Of the Grammar School and the Parent Club.

Steering Committee member Ian Brown said numerous people had already indicated their willingness to be part of a company that would be set up to buy out Mr Burgess and guarantee the school's debt to its financier.

But he also said there was a real possibility the school could be bought by another similar non-denominational school operating in South-east Queensland.

"We've got more than enough people from within the school community who want to be part of a change of ownership," Mr Brown said.

"By the same token, if another group came along from outside the school and said they wanted to

buy it, we'd seriously look at that provided it was clearly in the best interests of the Grammar School."

Mr Brown said he "believed there had been interest shown from another school", but wasn't prepared to comment on speculation that Brisbane-based John Paul College was casting its eye over the Forest Glen facility.

Speaking after a function at the Big Pineapple yesterday, Education Minister Anna Bligh said she would "encourage a bid" at the same time saying a change of ownership would have to satisfy the Board of Non-State Schools Accreditation.

"That board has been looking at a range of issues at Sunshine Coast Grammar, particularly things like the structure of the school board," she said.

Grammar board chairman Malcolm McColm was unavailable for comment but has said previously the board believed it was time for the ownership issue to be reviewed.

The board has already advertised for a new head of school, the position Mr Burgess was forced to vacate after an inquiry found him unfit to be a teacher.

Mr Brown described discussions with Mr Burgess about a possible sale as "amicable and open", adding that "at the end of the day he has to be able to feed his family".

Continued Page 2



**Kristy proud
of her Dad**

By PETER GARDINER

THE surf lifesaving phenomenon that is 20-year-old Alexandra Headland's Kristy Munroe would never have happened if not for her father Ray.

As well as helping to give her life, Ray also helped her overcome her fear of the ocean when she first stared anxiously at the waves as a scared six-year-old.

And on this Father's Day, she will tell everyone at Lifeline's Doing Dads Proud celebration in Cotton Tree Park, Ray's been by her side helping her all the way ever since.

"I was like a lot of little kids who were just frightened by the surf," the champion ironwoman said.

This must have been at times frustrating for Ray, who joined Alex in 1966 and is a life member.

"But he never pushed me along or forced me to go into the water."

However, when Kristy finally started to get some confidence in the surf, Ray decided she should be able to handle herself out there on the water.

"He said right, now I'm going to teach you how to use a board and paddle properly."

And from there, always with the guidance of both Ray and her mother Narelle, her competitive nature took over.

ME AND MY DAD: Ironwoman Kristy Munroe and her father Ray will celebrate Father's Day together, including participating in the Doing Dads Proud celebration at Cotton Tree today.

Photo: Warren Lynam

Continued Page 2



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(07) 5430 8000

EMAIL:
editorial@scnews.com.au

CLASSIFIEDS:
136 181

ONLINE CLASSIFIEDS:
www.checkout.com.au
www.sunshinecoastdaily.com.au

PARSONS, Pat

From: TABRETT, Leigh
Sent: Friday, 5 September 2003 3:08 PM
To: PARSONS, Patrick; VOGLER, Laurie
Subject: FW: Sunshine Coast Grammar School

This will be no surprise, but I thought you should have a copy for info.

Leigh

-----Original Message-----

From: MAHONEY, Kathryn
Sent: Thursday, 4 September 2003 3:42 PM
To: TABRETT, Leigh
Subject: Sunshine Coast Grammar School

Leigh

I understand that there is some concern that the governing body of the Sunshine Coast Grammar School may make public disclosures about matters relevant to the show cause notice which issued on 2 September 2003. It is also understood that the governing body made a verbal undertaking to the Accreditation Board that there would be no public disclosures of matters pertinent to the show cause notice. The question put to me is whether the Minister or any other person is bound not to respond to any media attention that may arise as a consequence of the potential disclosures by the governing body.

Section 173 of the Education (Accreditation of Non-State Schools) Act 2001 lists a number of "persons" who must not disclose "protected information" if to do so would, among other things, be likely to affect the commercial interests of the person to whom the information relates (this "person" is defined under the Acts Interpretation Act to include a corporation or an individual and therefore could include the governing body or any of its Directors). It is reasonable to conclude that any publication of matters contained in the show cause would be likely to be detrimental to the commercial interests of the Directors and the governing body.

The Minister, members of the Accreditation Board and anyone involved in administering the Act such as a public servant, are all therefore prevented from disclosing protected information. Protected information is widely defined in section 173 and could include any information or document relative to the show cause function. I have looked at the exemptions given in section 173 and they would not, in my view, protect the Minister, Board member or any public servant who discloses this particular "protected" information.

I therefore consider that the strictness of the confidentiality requirements are such that it would be strongly advisable NOT to issue any press release or statement on the current standing of the Sunshine Coast Grammar School even if it is considered that any comments made by the governing body are provocative or untrue.

Regards
Kathryn

SUNSHINE COAST GRAMMAR SCHOOL372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA

3 September 2003

Dear Parent

NON-STATE SCHOOLS ACCREDITATION BOARD

I have received in today's mail the decision of the Non-State Schools Accreditation Board following the assessment of the School conducted since May 2003.

The Non-State Schools Accreditation Board has issued Show Cause and Compliance Notices requiring the School to address the following issues:-

- Staffing levels;
- Land and buildings;
- Financial viability ;
- Educational facilities and materials;
- Constitution, structure, management and administrative arrangements and matters pertaining to the School's governing body;
- Health, and safety of staff and students;
- Improvement processes for the school.

The Board shall be liaising with the Non-State Schools Accreditation Board to clarify specifically what is required by that body in respect of some matters raised by them, where their requirements are not clear.

The School needs to satisfy the Non-State Schools Accreditation Board in respect of each of the above issues by 7 November 2003 to ensure the School's accreditation (Government funding) shall not be adversely affected. A number of these issues are capable of prompt resolution and all are being addressed by your Board on an urgent basis.

The directors are also holding a meeting with the School's bank this week to discuss and advise how the School shall be addressing these issues.

Please be assured that the Board shall be acting promptly to use its best endeavours to meet all requirements of the Non-State Schools Accreditation Board and is confident in the future of the School.

NEW HEAD OF SCHOOL

While the advertising period for the new Head of School has not yet closed, I am able to advise that the interest from the educational community has been very high and we have received in excess of thirty quality applications for that position.

The Board shall keep you apprised and updated of all developments regarding the issues referred to in this letter and other relevant matters as they occur.

Malcolm McColm
Director

Telephone: +61 7 5445 4444
Facsimile: +61 7 5445 4345

Sunshine Coast Grammar School Pty Ltd
ABN 61 064 506 814

Email: enquire@scgs.qld.edu.au
Web: www.scgs.qld.edu.au

F.R.O.G.S.

BUSINESS NETWORKS



Dear Parent

4 September 2003

RE: ACCREDITATION BOARD ASSESSMENT

You will receive today a letter from the Board of Sunshine Coast Grammar School Pty Ltd stating that the Governing Body of the School has been issued with a Show Cause and Compliance Notice in relation to a number of issues.

We want to assure you, as parents and members of the SCGS Acquisition Steering Committee, that the issues stated by the Non-State Schools Accreditation Board can and will be addressed. We believe the key to meeting these issues is a complete change of ownership of the school.

As you may be aware, the Acquisition Steering Committee is totally committed to providing an appropriate new owner for the School. We have already made significant progress on this front and are confident that there will be a positive outcome very soon.

We have a well thought through plan for the School and would like to share our progress with you at the next Parent Group meeting to be held Wednesday 10 September beginning at 7pm. We encourage you to attend this important meeting so you can hear our plans and ask any questions you may have. At the meeting we will cover:

- Key issues
- Details of our plans
- Details of the potential new board members
- Progress we have made
- The role of parents and teachers.

Please be reassured that as parents of this School our goal is to ensure the continued excellence of the Sunshine Coast Grammar School. Our aim is to ensure the School continues as a non-denominational, multi-disciplined school and that the current culture, ethos and vision are maintained and enhanced.

In the meantime, we will offer any assistance the current Board may require in responding to the issues raised by the Non-State Schools Accreditation Board.

We have a lot to be proud of at this school - our academic excellence, our excellent teaching staff and our supportive school community which all contribute to a wonderful school for our children. With the long term commitment of both parents and teachers we believe there is a bright future for our school.

Please feel free to contact us if you have any concerns or questions regarding the Acquisition Steering Committee or the change of ownership plans. We look forward to seeing you at the next Parent Group meeting on Wednesday.

Kind regards

Ian Brown (0412 077406)
FROGS
SCGS Acquisitions Steering Committee

Robyn Perrin (0438 446321)
Parent Club
SCGS Acquisitions Steering Committee

F.R.O.G.S. Business Networks

Sunshine Coast Grammar School

372 Mons Road, FOREST GLEN QLD 4556

P.O. Box 849, BUDERIM QLD 4556 Phone: (07) 5445 4444 Fax: (07) 5445 4345

SUNSHINE COAST GRAMMAR SCHOOL372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA

4 September 2003

Dear School Family,

Re: Non-State Schools' Accreditation Board review.

Today the school Board of Directors requested that we forward a letter to you outlining the findings of the Non-State Schools' Accreditation Board review of the suitability of Sunshine Coast Grammar School Pty Ltd to remain the governing body of Sunshine Coast Grammar School and whether the school is meeting all of the accreditation criteria.

I am sure that you are all aware that the process of evaluating the school and its governance would culminate in some form of recommendation which would be conveyed to you by the Board of Directors.

We feel that it is very important that we, as Principals, communicate with you on this matter so that you are able to fully understand the function of this process.

When the accreditation investigations took place, **the functioning of the school and the calibre of the staff was spoken of in glowing terms by the assessors.** This means that the people who teach your children and the matter that is presented to your children is of a very high standard and was viewed in a very positive manner by the assessors involved.

It is very clear that there are governance issues that the Board is required to address. We want to reassure you that we will continue to work to provide the children with the very best in learning opportunities. As Co-Principals, we will give the Board of Directors our full assistance to address any areas identified by the Non-State Schools Accreditation Board.

We have been approached by a number of parents who are working to address some of the issues regarding the review of ownership which was raised by the Board of Directors in a previous communication to you. Representatives of the School Acquisition Steering Committee spoke to the entire staff body on Monday, and their message was very clear - the staff of this school has a very specific job to perform and that job is to ensure that the needs of the children are met and met well. This compliments our desire and intention - we are here to look after the children. The parent body has assured us that their efforts will see our school continue well into the future. You, the parents, want our school to continue and you want it to continue with the ethos and feeling and warmth that has characterized its operation to date. This feeling is generated because of a staff who wants to be here, they want to teach in an environment which is supportive and child centred, they want to be allowed to continue with their work.

We feel extremely confident in the future of the school and greatly appreciate the support of the parent body who is making very sound efforts to secure the support of both government and educational authorities to move us forward, leaving the troubled times behind us and embarking on a new era of positive development for all of us - staff, parents and students.

Yours sincerely

*CA Reason*Coral-Anne Reason
Co-PrincipalStuart Marquardt
Co-Principal



Fax Message

TO Mr M D McColm	Company/Section: Sunshine Coast Grammar School Pty Ltd (C/- McColm Matsinger Lawyers)	Fax No.: (07) 5443 7053
FROM		
Name: Professor Roy Webb	Date: 2 September 2003	
Job Title: Chairperson	Phone No.: (07) 3237 9947	
Branch/Unit: Non-State Schools Accreditation Board	Fax No.: (07) 3237 0004	
SUBJECT: Show Cause Notice		Pages (including this): 35

Letter and Show Cause Notice following. Originals to follow by post.

Released under the
RTI Act by DET

PARSONS, Patrick

From: MACQUEEN, Suzanne
Sent: Tuesday, 2 September 2003 10:40 AM
To: PARSONS, Patrick
Cc: VOGLER, Laurie
Subject: FW: SUNSHINE COAST GRAMMAR SCHOOL - CONFIDENTIAL AND URGENT

Sue Macqueen
Senior Project Officer
Office of Non-State Education
Tel 07 3237 0105
Fax 07 3237 0004

-----Original Message-----

From: Carole Williamson [mailto:office@aisq.qld.edu.au]
Sent: Tuesday, 2 September 2003 10:39
To: MACQUEEN, Suzanne
Subject: RE: SUNSHINE COAST GRAMMAR SCHOOL - CONFIDENTIAL AND URGENT

Sue - Could you please pass this response on to Laurie thank you.

Laurie

While I find this whole process overly bureaucratic and heavy handed (I wonder how some other schools in other sectors would stand up to such scrutiny), wearing my Accreditation Board hat, the drafts are faithful to the decisions made at our recent meeting.

Regards.

John Roulston

-----Original Message-----

From: MACQUEEN, Suzanne [mailto:Suzanne.Macqueen@qld.gov.au]
Sent: Monday, 1 September 2003 11:52 AM
To: Bill Lane; Joe McCorley; John Roulston; Roy Webb; Tricia Evans; Tricia Reust; WALSH, Michael
Cc: PARSONS, Patrick; VOGLER, Laurie
Subject: SUNSHINE COAST GRAMMAR SCHOOL - CONFIDENTIAL AND URGENT

Dear Board Members

Please find attached a copy of a DRAFT "show cause notice" and a DRAFT "compliance notice" in connection with the Sunshine Coast Grammar School.

Consistent with the request of Members at the 20 August 2003 Board meeting, copies of these drafts are supplied for your comments/suggestions prior to issuing them to the school's governing body.

It is the current intention to issue the notices at 3pm tomorrow.

Your feedback is requested as soon as possible, but no later than noon tomorrow, 2 September 2003.

Regards

Laurie Vogler

PARSONS, Patrick

From: MACQUEEN, Suzanne
Sent: Tuesday, 2 September 2003 8:18 AM
To: PARSONS, Patrick
Subject: FW: SUNSHINE COAST GRAMMAR SCHOOL - CONFIDENTIAL AND URGENT

Sue Macqueen
Senior Project Officer
Office of Non-State Education
Tel 07 3237 0105
Fax 07 3237 0004

-----Original Message-----

From: Doug [mailto:reust@powerup.com.au]
Sent: Tuesday, 2 September 2003 6:14
To: MACQUEEN, Suzanne
Subject: Re: SUNSHINE COAST GRAMMAR SCHOOL - CONFIDENTIAL AND URGENT

Dear Sue, I have read the notices, and wish to ask Laurie if it is possible to add something ?

With the Show Cause Notice, under "Land and Buildings", add to the (a) and (b) a further point eg.

(c) This access requires finance that currently appears to be inaccessible to the school.

And add to the paragraph 8 " Accordingly, given that the school's arrangements for the access had not been completed, and available finance unsure, the Board etc. "

or something along those lines - it was my opinion that it is the financial situation (through the Governing body's actions in depleting available money) that makes such access to the school impossible at the moment, (which adds authority to our argument .

Apart from this one thing, I found the notices very straight forward - thanks to whoever of you wrote them ! See you on Wed at the airport (thanks also for the alteration to the time of catching the plane - I had been meaning to ask you about it !)

----- Original Message -----

From: "MACQUEEN, Suzanne" <Suzanne.Macqueen@qed.qld.gov.au>
To: "Bill Lane" <wb.lane@qut.edu.au>; "Joe McCorley" <Clloyd@qcec.qld.catholic.edu.au>; "John Boulston" <office@aisq.qld.edu.au>; "Roy Webb" <roywebb@bigpond.com>; "Tricia Evans" <pevans3@bigpond.net.au>; "Tricia Reust" <reust@powerup.com.au>; "WALSH, Michael" <Michael.Walsh@qed.qld.gov.au>
Cc: "PARSONS, Patrick" <Patrick.Parsons@qed.qld.gov.au>; "VOGLER, Laurie" <Laurie.Vogler@qed.qld.gov.au>
Sent: Monday, September 01, 2003 11:51 AM
Subject: SUNSHINE COAST GRAMMAR SCHOOL - CONFIDENTIAL AND URGENT

Dear Board Members

Please find attached a copy of a DRAFT "show cause notice" and a DRAFT "compliance notice" in connection with the Sunshine Coast Grammar School.

Consistent with the request of Members at the 20 August 2003 Board meeting, copies of these drafts are supplied for your comments/suggestions prior to issuing them to the school's governing body.

It is the current intention to issue the notices at 3pm tomorrow.

Your feedback is requested as soon as possible, but no later than noon tomorrow, 2 September 2003.

Regards



2 September 2003

Express Post
Ref #
BQ9161342

Mr M D McColm
Sunshine Coast Grammar School Pty Ltd
C/- McColm Matsinger Lawyers
PO Box 737
Maroochydore Qld 4558

Dear Mr McColm

The Non-State Schools Accreditation Board (the "Board") is writing to transmit the attached **compliance notice** issued under the *Education (Accreditation of Non-State Schools) Act 2001*, section 61, to Sunshine Coast Grammar School Pty Ltd, as governing body of Sunshine Coast Grammar School.

The compliance notice sets out the details of this matter.

The Board requires Sunshine Coast Grammar School Pty Ltd to take the steps set out in the compliance notice on or before 7 November 2003.

Under the Act, Sunshine Coast Grammar School Pty Ltd must comply with the compliance notice, unless it has a reasonable excuse.

For your assistance, a copy of the *Education (Accreditation of Non-State Schools) Act 2001* and the *Education (Accreditation of Non-State Schools) Regulation 2001* may be found on the Queensland Parliamentary Counsel's web site at <http://www.legislation.qld.gov.au> or a copy may be purchased from Goprint, the Government Bookshop, by telephoning (07) 3246 3399 or Toll Free 1800 679 778.

If you require further information about this matter, you are invited to write to the Board at PO Box 347, Brisbane Albert Street BC Qld 4002. You may contact the Board's office on telephone (07) 3235 4729.

Yours sincerely

Emeritus Professor Roy Webb AO
Chairperson

Attachment: Compliance notice dated 2 September 2003

RECORDS AWAY
- 2 SEP 2003



COMPLIANCE NOTICE

Non-State Schools Accreditation Board (the "Board")

Education (Accreditation of Non-State Schools) Act 2001 (the "Act")

Section 61

Issued to: Sunshine Coast Grammar School Pty Ltd (the "governing body")

Name of school: Sunshine Coast Grammar School (the "school")

Date of issue: 2 September 2003

Details of non-compliance: The Non-State Schools Accreditation Board (the "Board"), after considering the written report dated 18 August 2003 from the assessors (the "report"), appointed by the Board to assess whether the school is complying with the accreditation criteria, reasonably believes the school is not complying with two accreditation criteria.

The relevant accreditation criteria as prescribed in the *Education (Accreditation of Non-State Schools) Regulation 2001* (the "Regulation") are:

- (i) Health, safety and conduct of staff and students [Section 10 refers].
- (ii) Improvement processes [Section 14 refers].

Health, safety and conduct of staff and students [Section 10 refers]

How criterion not being complied with

1. The written processes the school must have about the appropriate conduct of its staff and students under section 10(2) (the "written processes") restricts the scope of the term "harm" as defined in section 3.
2. The written processes are not readily accessible by the staff and students, and do not provide for how the staff and students are to be made aware of the processes, as required by section 10(6).
3. The Board has formed this belief on the basis of the facts and circumstances detailed in the attached report, principally sections 2.2 and 6.3.2.

The matters reasonably capable of being rectified

4. Inconsistency of the school's written processes with the definition of "harm" in section 3.
5. Failure of the school's written processes to provide for how the staff and students are to be made aware of the processes.
6. Accessibility of the school's written processes by the school's staff and students.

Reasonable steps governing body must take to rectify the matters

7. The school's written processes to be amended so that the processes are consistent with the definition of "harm" in section 3.

8. The school's written processes to be amended to provide for how the school's staff and students are to be made aware of the processes.
9. The school's written processes to be readily accessible by the school's staff and students.

Reasonable period within which the steps must be taken

10. The governing body must take the steps set out above on or before 7 November 2003.

Governing body to provide the Board with certain documents and information on or before 7 November 2003

11. On or before 7 November 2003, the governing body must give the Board the documents and information described below:
 - (a) A copy of the written processes mandated by subsection 10(2) and further regulated by subsections 10(3), 10(4) and 10(5).
 - (b) A description of how the governing body is complying with subsection 10(6).
 - (c) A comprehensive account demonstrating to the Board how the school is implementing the written processes (subsection 10(7) refers).

Improvement processes [Section 14 refers]

How criterion not being complied with

12. The school's improvement processes that the school must have under section 14 (the "improvement processes") do not adequately deal with deciding strategies relevant to the improvement processes and setting priorities for achieving the strategies.
13. The improvement processes do not adequately deal with how the strategies are to be achieved.
14. The improvement processes do not adequately deal with regular monitoring of the achievement of the strategies.
15. The improvement processes do not adequately deal with annual reporting about the achievement of the strategies to the school's community, including the school's staff and students and the parents of the students.
16. The Board has formed this belief on the basis of the facts and circumstances detailed in the attached report, principally sections 2.4 and 8.

The matter reasonably capable of being rectified

17. Inadequacy of the improvement processes concerning deciding strategies relevant to the processes and setting priorities for achieving the strategies.
18. Inadequacy of the improvement processes concerning how the strategies are to be achieved.
19. Inadequacy of the improvement processes concerning regular monitoring of the achievement of the strategies.
20. Inadequacy of the improvement processes concerning annual reporting about the achievement of the strategies to the school's community, including the school's staff and students and the parents of the students.

Reasonable steps governing body must take to rectify the matter

21. The school must develop improvement processes consistent with section 14.

Reasonable period within which the steps must be taken

22. The governing body must take the steps set out above on or before 7 November 2003.

Governing body to provide the Board with certain documents and information on or before 7 November 2003

23. On or before 7 November 2003, the governing body must give the Board the documents and information described below:

- (a) Where the improvement processes are in written form, a copy of the improvement processes.
- (b) Where the improvement processes are not in written form, a comprehensive account demonstrating to the Board how the school is complying with section 14.

Obligation to comply: Under section 61 of the Act, the governing body must comply with the compliance notice, unless the governing body has a reasonable excuse.

End

Released under the
RTI Act by DET

REPORT TO NON-STATE SCHOOLS ACCREDITATION BOARD

ON

SUNSHINE COAST GRAMMAR SCHOOL

COMPLIANCE WITH ACCREDITATION CRITERIA

PREPARED BY

DR MURRAY EVANS

&

MR DONALD LANGDON

18 AUGUST 2003

Released under the
RTI Act by DET

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1. PURPOSE STATEMENT

The purpose of this report is to assess and provide an opinion on the standard of Sunshine Coast Grammar School's (the school's) compliance with the criteria for accreditation (see 2 below).

The Non-State Schools Accreditation Board (NSSAB) appointed Dr Murray Evans, Principal Somerville House, and Mr Donald Langdon, Partner Hall Chadwick Chartered Accountants as joint assessors who have prepared this report.

The assessors visited the school on three occasions: 16, 21 and 27 May 2003 for the purposes of conducting the assessment. Prior to these visits on 2 May 2003, the assessors wrote to the school and provided a list of the information and documents required for the investigation. In conducting their investigation the assessors reviewed the financial, organisational and educational material provided and undertook interviews with the following people:

- All board members either in person or by telephone;
- The Co-Principals;
- Finance Manager;
- Manager-Administration;
- Student Co-ordinator and Heads of House;
- Groups of primary and secondary teachers including a number of groups randomly selected from the staff listing by the assessors; and
- A group of administration and finance staff.

The assessors advised all interviewees that the confidentiality of any comments made or views expressed would be maintained as far as possible but that the assessors could not ensure continued confidentiality after their final report was submitted. All interviewees accepted these conditions.

Since the assessors' school visits there has been considerable action from members of the school board. Many emails have been sent to the assessors, with indications that various perceived omissions were being rectified. A compilation of policies has been developed and supplied on CD, an updated version of the original plan for the school has been prepared and sent, and explanatory information provided in response to matters raised on-site by the assessors. Some of this information has been financial, reconciling identified variations, and some educational, for example, explanations of factors leading to changes in the LOTE program with consequent staff losses.

There remain shortcomings in some of what has been provided subsequently and these matters have been referred to in the appropriate sections of our report.

2. SUMMARY OF FINDINGS

Overall, we have concluded that there needs to be a number of significant changes for the school for full compliance with the accreditation criteria. Our conclusions with respect to each of the accreditation criteria are as follows:

2.1 The school's financial viability

Section 5 Education (Accreditation of Non-State Schools) Regulation 2001

It is not evident that the school has the capacity to supply educational services to the standards promoted in the school prospectus and in regular communications to the school community within the timeframes consistent with the strategic business plans and reasonable community expectations.

In our opinion, at the present time, the school does not have access to adequate financial resources for its viable operation and therefore does not comply with the accreditation criterion.

2.2 The school's educational program and student welfare processes

Division 3 Education (Accreditation of Non-State Schools) Regulation 2001

Section 6 – The Statement of Philosophy and Aims in conjunction with the new Vision Statement are appropriate and adequate documents and satisfy the accreditation criterion.

Section 7 – The school's educational program provided to students is sound and is being managed by competent, committed teachers and is complying with the accreditation criterion.

Section 10(1) – Written documentation, policy statements, and compliance logs relating to health and safety of staff and students were not readily available at the time of inspection. However, a CD containing the relevant written processes has subsequently been provided. The written processes comply with the accreditation criterion.

Section 10(2) – There are inadequacies with the scope of the school's Child Protection Policy. In our opinion, the school is not complying with the criteria relating to the health, safety and conduct of staff and students.

2.3 The school's resources

Division 4 Education (Accreditation of Non-State Schools) Regulation 2001

Section 7 – While the school has sufficient, adequately qualified teaching staff, there is a lack of teacher aides and administrative support. Therefore, in our opinion, the school is not complying with this criterion.

Section 12 (Land and Buildings) – We are unable to make a decision on compliance with this criterion (given that the school is currently making arrangements for the second access site for emergencies, in accordance with Council requirements at present).

Section 13 – In our opinion, the school does not have sufficient educational facilities and materials (library facilities and resources) necessary for the effective delivery of the educational program and does not meet the criteria.

2.4 The school's improvement processes

Section 14 Education (Accreditation of Non-State Schools) Regulation 2001

The school is not currently conforming to the requirements of the accreditation criterion regarding school improvement processes. The areas of concern are as follows:-

- The strategic and business plan documents provided by the school were incomplete and not up to date;
- Other than the monthly financial reports and statutory reporting, there is no overall monitoring and reporting of achievements and indicators identified in the strategic and business plans; and
- There is no effective regular communication to the various stakeholder groups within the school community of the school's performance as required under the accreditation criterion.

3. BACKGROUND

3.1 Location

Sunshine Coast Grammar School is a P-12, co-educational, independent school located at Forest Glen on the Sunshine Coast.

3.2 Accreditation/Funding Status

Sunshine Coast Grammar School was granted primary non-state school status from 1 January 1997; and preschool and secondary non-state school status from 1 January 1998.

School in receipt of funding status for Years 1 to 7 was approved from 1 January 1997 and funding for the preschool year and Year 8 was granted from 1 January 1998. School in receipt of funding status for Years 9, 10 and 11 were approved from 1 January 1999, 1 January 2000 and 1 January 2001 respectively.

The transition provisions of the *Education (Accreditation of Non-State Schools) Act 2001* automatically granted full school in receipt of subsidy status for the Preschool Year to Year 12 on 1 January 2002 for the school.

3.3 Enrolment Profile

The school commenced in 1997 as a primary school with enrolments in all year levels. A Year 8 enrolment was introduced in 1998, progressing to the first Year 12 group in 2002. The initial enrolment was 250 students, rapidly escalating to the current enrolment of approximately 1,040 students. Enrolments reported in the February State census summarise as follows:

YEAR	ENROLMENT NUMBERS
1999	764.0
2000	904.0
2001	969.0
2002	1,026.0
2003	1,037.0

At the close of the 2002 school year, student enrolments had decreased by 166, additional to the Year 12 exiting class. Despite this additional loss of enrolments, the school commenced the 2003 school year with 1,040 students. This enrolment level is 210 students below the expectations of the original feasibility study.

3.4 Corporate Structure/Ownership

A search of the ASIC records and the corporate records indicate the following:

- (a) The governing body is a private family company limited by shares. There are 401 shares all of which are held by the s47(3)(b) family (400 s47(3)(b) and 1 s47(3)(b)).
- (b) s47(3)(b) is the permanent Governing Director (i.e. until death, retirement or resignation), however at this point in time he has been forced to relinquish his role as he currently does not have the legal capacity to act as a Director under the Accreditation Act.
- (c) In addition to s47(3)(b) there are four directors:-
- Mr Malcolm McComb (solicitor),
 - Mr Ross Johnston (chartered accountant),
 - Mr William Brewer (retired bank manager); and
 - Mr Stephen Beebe (chartered accountant).
- (d) The Chairman is Malcolm McComb, a position held since s47(3)(b) stood down.

There are appropriate "not for profit" clauses in the Memorandum of Association and the Articles of Association and the company has been approved by the ATO as a tax exempt body. The authority to appoint directors and to change the Memorandum and Articles of Association resides with the owners.

3.5 Funding History (State and Commonwealth)

(Data provided by the Office of Non-State Education, Grants and Allowances Payments System, as at 1 August 2003)

State Recurrent Grant Payments

1999	\$731,465
2000	\$907,186
2001	\$1,079,933
2002	\$1,253,343
2003 to date	\$968,886

Commonwealth Recurrent Grant Payments

2001	\$891,082.50
2002	\$3,131,577.99
2003 to date	\$2,551,904.10

Capital Assistance

Year	Project	Total Project Cost	State Assistance	Commonwealth Assistance
1999	Construction of nine general learning areas, extension of the staff room, covered walkways and conversion of one general learning area	\$1,185,200	\$146,700	\$117,500
2000	Construction of Library/Resource Centre, site works and furniture	\$1,368,500	\$215,800	\$172,700
2001	Headworks charges	\$46,198	\$23,099	Nil

3.6 Major Lender

From the financial records of the school and discussions with the directors, financial support has been through the Commonwealth Bank, with security over land and buildings, and with additional personal guarantees from the shareholders and three individuals.

The directors have also advised that the school's borrowing arrangements are closely monitored by the CBA. This is a constraint upon short-term future development of the site and its buildings.

3.7 Financial Information**3.7.1 Historical Financial Data**

The financial statements from 2001 and 2002, together with the management financial reports for December 2002 and March 2003 show the following:

Financial Performance	2002	2001
	\$	\$
Revenues from ordinary activities	10,326,787	8,646,253
Expenses from ordinary activities		
Employee salaries & related costs	(6,505,679)	(5,100,098)
Depreciation & amortisation	(550,998)	(521,093)
Borrowing costs	(983,228)	(899,604)
Student activities & camps	(630,810)	(428,773)
Teaching resources	(245,874)	(262,144)
Caretaking & cleaning	(198,499)	(150,497)
Professional & legal fees	(151,651)	(93,229)
Other expenses from ordinary activities	(993,418)	(787,204)
Profit from ordinary activities before income tax expense	66,640	403,611
Income tax expense	-	-
Net profit	66,640	403,611

Financial Position

Total current assets	212,470	659,302
Total non-current assets	10,923,591	10,982,250
Total current liabilities	2,492,540	2,219,553
Total non-current liabilities	7,406,635	8,251,754
Total interest bearing liabilities	8,632,918	9,368,647
Contributed equity	401	400
Retained profits	1,236,886	1,170,245

Cash Flows

Net cash inflow from operating activities	788,233	1,091,878
Payments for property plant & equipment	(402,186)	(1,834,805)
Capital grants received	220,434	181,183
Proceeds from borrowings	40,000	2,682,000
Repayment of borrowings	(1,193,160)	(894,192)
Net increase (decrease) in cash held	(546,679)	1,227,847
Cash at end of financial year	(86,427)	460,252

The draft audited financial reports of the school for the year ended 31 December 2002 provided to us at the time of our visits to the school also contain statements highlighting concerns regarding the school's ongoing financial operations. They are contained in Note 1B and are repeated below:

Note 1B - ONGOING OPERATIONS

The following risk factors exist in relation to the company's ongoing operations:

- The company has an excess of current liabilities over current assets of \$2,280,070 (2001: \$1,560,251).
- The company had a net decrease in cash held for the financial year of \$546,679 (2001: net increase of \$1,227,847).
- The company has an overdraft limit of \$200,000 and at 31 December 2002 \$86,427 of the facility had been used.
- The company's total interest bearing liabilities at 31 December 2002 were \$8,632,918 (2001: \$9,368,647).
- At 31 December 2002 the company had breached two covenants in respect of their bank facilities. Student numbers at the August 2002 census date were 1,046 compared to the requirement under the loan covenants of 1,120 students. In addition, interest cover for the year was 1.07 compared to the required cover of 1.75.
- There is continued uncertainty in respect of the role of the former director, J W Burgess in the ongoing activities of the school, and in relation to any effect that this may have on future enrolments.

The company's continued operations are dependent on:

- The continuing support of the company's bankers,
- The continuing support of the bank guarantors in respect of bank loans,
- The ability of the company to generate operating cash inflows sufficient to cover its operating cash outflow, interest costs and required debt repayments,

- The school's ability to attract new enrolments and maintain existing enrolments.

The following actions and current events mitigate the risks outlined above:

- Written confirmation has been obtained from the company's bankers that they will not act on any breaches of debt covenants in relation to the existing debt facilities.
- As set out in note 21, a new debt facility was negotiated with the company's bankers to replace existing arrangements from 1 March 2003. The interest cover requirement was removed and the student numbers requirements have been reduced to 1020 students for 2003 and numbers determined by an approved budget thereafter. In addition interest rates have been reduced and the company is allowed to offset cash on deposit against the loans to further reduce interest. This can be significant as the school has large cash reserves early in the year and again in July, when school fees and government grants are paid.
- A full time enrolments officer was appointed in 2002. At February 2003 student enrolments were 1,060, compared to 1,040 in the 2003 budget.
- The school recorded three OP 1 scores in 2002, which is considered to be a significant factor in attracting and maintaining enrolments.
- The company has budgeted a basically break-even net cash flows for the 2003 year. The net cash position at the end of February 2003 was \$2.75M, with \$2.9M held on deposit to reduce interest obligations. This was \$66,000 ahead of the budgeted year to date position.
- Four staff members were retrenched at the end of 2002 to manage costs.
- No major capital projects are budgeted for 2003.

3.7.2 Directors' Fees

The Directors are entitled to be paid directors' fees under the Memorandum and Articles of Association. They are each in receipt of payment, which has been set at \$20,000 pa each for the 2003 year. This amount represents a 100% increase over 2002.

3.7.3 Remuneration of s47(3)(b) Payments to s47(3)(b)

Members of the school board have arranged for ongoing remuneration payments to s47(3)(b) by reclassifying elements of financial entitlements and assigning them to other expenditure categories in the financial accounts other than Headmaster's salary. This has been achieved through rearrangement of various payments, outlined below:

1. \$20,000 as part repayment of an undocumented loan of \$28,000 from s47(3)(b) for "pre-opening expenses".
2. \$65,520 as new guarantee payments for loan security provided by the s47(3)(b)
3. \$65,000 to the employment of s47(3)(b) to a newly created, full-time position as Manager-Administration from her former part-time employment in the IT section.
4. \$75,000 as an interest-bearing, unsecured loan for six months to s47(3)(b)
5. \$40,000 as accrued salary entitlements of s47(3)(b) from earlier years as Headmaster.

In summary, payments totalling \$265,520 have been made, or are intended to be made to the [s47(3)(b)] family in 2003.

A maintained motor vehicle and payment of the [s47(3)(b)] personal mortgage are additional provisions.

3.7.4 Capital development

The school has undertaken capital development in excess of \$10 million since its inception, with only \$400 contributed equity (shareholders' contributions), plus the amounts received in State and Commonwealth capital grants.

3.8 Deregistration of [s47(3)(b)]

The principal shareholder, Governing Director, Chairman of the Board, Company Secretary, and Headmaster of the school, [s47(3)(b)] was the subject of an enquiry by the Board of Teacher Registration. The outcome was a decision to remove his teaching registration. As he also did not have the *Commission for Children & Young People Act 2000* 'blue card' required of individuals serving as members of a school's governing body, he relinquished his role on the board and as Headmaster of the school in November 2002. He lodged an appeal against the decision of the BTR. [s47(3)(b)] appeal against the cancellation of his teaching registration was dismissed. [s47(3)(b)] [s47(3)(b)]

3.9 Appointment of staff and employment conditions/contracts

Although documents relating to the above were requested, they were not provided. Therefore, there does not appear to be any written contract for the appointment of [s47(3)(b)] to the position of Headmaster, nor for the other members of the school's senior executive.

The board has engaged in the preparation of contracts for the Co-Principals, at their request, but the process is still not complete more than six months since they took up office.

3.10 Professional fees to directors

The financial records and audited financial reports indicated that at least two directors (Malcolm McComb and Stephen Beebe) derive substantial fees for services provided to the school, additional to their directors' fees. One director (Ross Johnston) is a former partner of the school's audit firm.

The Chairman's firm provides solicitor services to the school and that the fees for service increased from \$22,039 in 2001 to \$59,811 in 2002, returning to \$24,000 in the budget for 2003.

Stephen Beebe provides accounting and financial advisory services to the school. The fees paid for these services amounted to \$63,318 for 2002 and \$62,797 for 2001.

3.11 Strategic/Business Plans

A Strategic Plan for Building Development 2002 – 2014 was provided to the assessors subsequent to their school visits. Although mention is made in the document of a

Financial Strategic Plan and a 10 Year Master Strategic Plan neither of these documents have been supplied to the assessors despite being requested originally in writing.

3.12 Land, Buildings and Facilities

The school site is an attractive one, aesthetically pleasing and spacious. It has shortcomings typical of many new schools with first stage quality buildings and grounds requiring further development. Despite this, the school has the needed space to match its aspirations. The existing permanent buildings are in acceptable condition and seem adequate in size.

The overall growth of the school has been rapid, despite the directors' belief that fee levels are on the high side in comparison with other independent schools in the area. This fact would indicate a high level of community acceptance of the school because enrolments have matched projected expectations, until the current year. A negative consequence of the rapid growth has been difficulty in providing buildings within the time frames envisaged in the original feasibility study, and as announced to the school community on several occasions.

A significant concern is the presence on site of 11 transportable classrooms, some of which have been used for senior classes and for Drama. It is generally held in developing schools that such buildings should be for short-term use only, and in limited numbers. The current financial state of the school suggests that they will be in place for several years hence although the rental charges are in the vicinity of \$120,000 per annum. Director, Stephen Beebe, is of the view that an annual saving of this amount would not be sufficient to finance permanent replacement buildings.

The school has made a significant commitment to information technology and is well provided with computers for student and staff use.

According to the School Librarian, the Secondary School collection at May 2003 was as follows:

Teacher Reference	1,139
Reference	229
Non Fiction	1,294
Fiction	1,059
Senior Fiction	141
TOTALS	3,862
Audio Visual	187
Videos	224
TOTALS	411

In total, then, there are 4,273 resources of all types, but not including computer based ICT databases or www access resources

Information extracted from the school's financial reports show the following:

Teaching Resources	2001	2002	2003
Budget	257,000	245,500	214,000
Actual	262,144	245,874	68,633 (to June)

4. CRITERIA FOR ACCREDITATION

The pertinent statutory clauses for the assessment of a school's accreditation status are *Section 9 of the Education (Accreditation of Non-State Schools) Act 2001* and *Divisions 1-5 of the Education (Accreditation of Non-State Schools) Regulation 2001*.

Section 15 also is relevant, declaring that, for the *Commission for Children and Young People Act 2000*, part 6, a person is taken to be a person carrying on a regulated business under the Act by being a director of the governing body of an accredited school. This requirement means that each director must hold a criminal clearance (a current 'blue card') to continue to serve as a Director.

Section 11 of the Act requires that the governing body of an accredited school must be a corporation.

The criteria identified for investigation were the following:

- (a) the school's financial viability
- (b) the school's educational program and student welfare processes
- (c) the school's resources
- (d) the school's improvement processes

Each criterion will be addressed in this report.

5. SCHOOL'S FINANCIAL VIABILITY

(Division 2: section 5 Regulation)

Section 5 of the Regulation provides that:

"A school must have access to adequate financial resources for its viable operation".

5.1 Recurrent Operations

In 2001 the school made a surplus on recurrent operations of \$403,611 after depreciation of \$521,093. This was a useful surplus that, with outcomes from other financial periods, allowed a significant level of retained profits to be built up. Although an addition to buildings had been announced and communicated to the school community for 2001, it did not commence.

In 2002 the school experienced significant financial problems and recorded a surplus of \$66,640 after depreciation of \$550,988. This was caused by a lower enrolment than budgeted, over budget expenditure on operating costs of approximately \$270,000 including unbudgeted redundancy payments of nearly \$100,000, and over budget legal costs of \$41,168 including the fees associated with the advice to the school on the John Burgess case. Principal repayments of approximately \$1.2 million were made on school loans, seemingly as a requirement of the CBA. The result was a very tight cash flow situation by the end of 2002. In fact cash resources fell by \$546,679 over the financial year to an overdraft of \$86,427 at year-end. Buildings supposedly to commence in 2002 were deferred, according to the Directors, until as late as 2006 at the earliest.

In 2003 the school has budgeted for a recurrent surplus of \$608,115 after depreciation of \$597,149. The surplus has been achieved by cutting several areas of expenditure, notably classroom and other resources to support the educational program, and the employment of first year, or relatively inexperienced young teachers is planned to attain the intended outcome. These decisions have led to some agitation among teachers as reported by them in interview. Over the three-year period, 2001-2003, budgeted and actual expenditure for educational resources has decreased annually despite increased enrolments. The end product is lower expenditure per student on these resources.

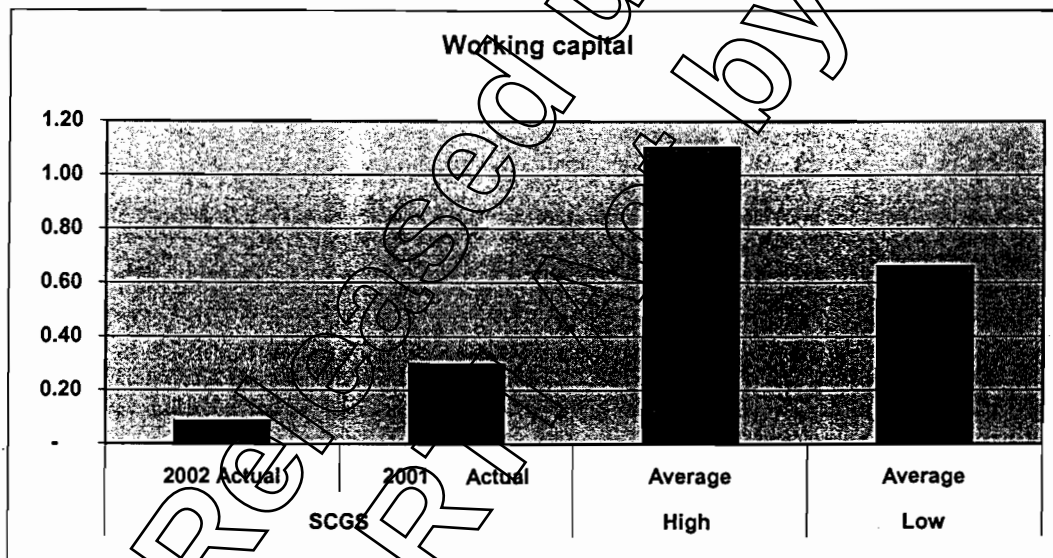
The school's financial viability in 2003 has been eroded by particular intended costs which include \$80,000 for Directors' fees (a 100% increase over 2002 payments), \$22,000 plus fees remissions to support loan guarantees provided by various people, \$65,000 annual lease fee over vacant and unused adjoining land, and the payments and loans to s47(3)(b) amounting to \$265,520 enumerated later.

5.2 Financial Position

The current debt per student is in excess of \$8,000, which is not unreasonable for a school in its current stage of development.

The position of the school against a number of key industry benchmarks clearly indicates the position.

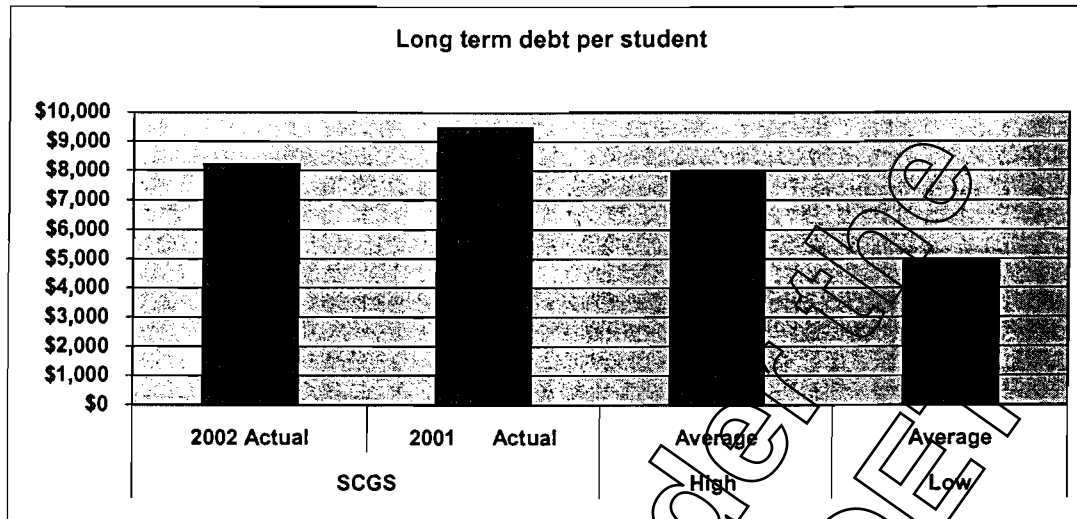
Current ratio



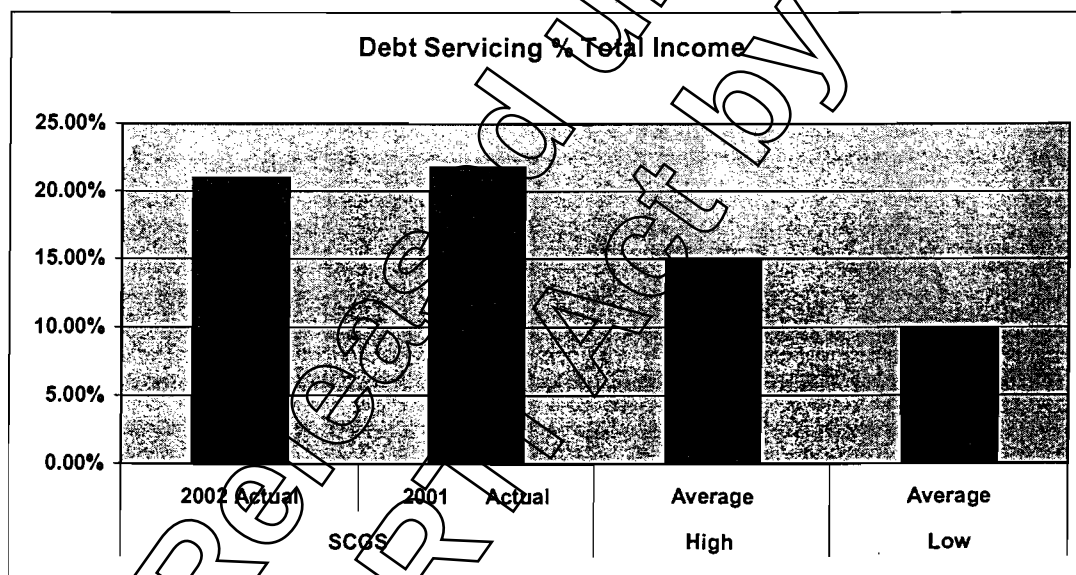
The importance of this ratio is that it shows the capacity of a school to pay its debts as and when they fall due. The ratio compares the level of current assets available to meet current liabilities. A ratio of 1 is regarded as sound. The operational activities for independent schools are very much contained within discrete annual periods. As such, there is an expectation that at the end of each financial year there will be sufficient current assets (cash, receivables, inventory and short term investments) available to meet the existing current liabilities, in particular, payables, provisions and other current liabilities (fees in advance).

As can be seen from the graph above there is a substantial shortfall in the amount of current assets available. This means that future cash flows will have to be allocated to cover the previous year's debts. The future cash flow could come from future operating surpluses or additional borrowings. However, the school has not prepared longer-term financial models that show how these funding issues will be handled.

Debt per Student



Debt Service Requirements to Total Income



These two graphs analyse the current long-term debt position of the school. At 31 December 2002, the debt per student amounted to \$8,222 having reduced from \$9,463 at 31 December 2001. In our opinion this level of debt compares favourably with schools at a similar stage of development and is not cause for undue concern.

The next graph shows that debt-servicing requirements consume approximately 21% of total revenue. This is 6% to 11% (\$600,000 to \$1,000,000 in cash flow terms) over the benchmarks used by the Block Grant Authority as indicators of sound school management. This is a cause for major concern given the school's current stage of development.

5.3 Directors' Fees

The payment of directors' fees for school board membership is most uncommon. Comments made during interviews and in correspondence received indicate that these payments are perceived by many in the school community as an outflow of funds that could be spent on school needs. The Chairman of the board and other directors have contended that these payments are justified by virtue of the workload of the board members, which they claim to be excessive in comparison with other schools.

The board members are under pressure due to the circumstances of 2002 which led to the loss of the Head of School, public disquiet and intense media pressure, significant cash flow difficulties resulting from a lack of support by the CBA, the school's primary financier, and its insistence on large loan repayments. Because there are only four Directors, each is required to carry a heavy workload at this time in the interests of performing their duties.

5.4 Remuneration of [s47(3)(b)]

The issue of remuneration for [s47(3)(b)] is a significant one in SCGS. It would appear that remuneration is still being directed to [s47(3)(b)] even though he has been stood down from his position.

There does not appear to be any written contract for the appointment of [s47(3)(b)] to the position of Headmaster. In the absence of a contract of employment for him, it is difficult to confirm his actual entitlements, although the board members appear to have proceeded on the assumption that such details are known to them.

In summary, payments totalling \$265,520 have been made, or are intended to be made to the [s47(3)(b)] family in 2003.

With respect to the payments to the [s47(3)(b)] family we make the following comments:

1. In the absence of a written contract of employment we were unable to verify the veracity of any payment to [s47(3)(b)] certified as being unclaimed remuneration from 2002 or prior years. Also the payment of amounts to [s47(3)(b)] relating to unpaid salary entitlements from previous years is difficult to confirm in the absence of a written contract of employment and the lack of any record of accrued salary entitlements of [s47(3)(b)] in the school's financial reports.
2. The decision was made in 2003 to pay loan guarantee fees to [s47(3)(b)].
3. [s47(3)(b)] was promoted in 2003 from a part-time position in the school's information technology section to the full-time position of Manager—Administration.
4. [s47(3)(b)] has been provided with an unsecured loan. Members of the board advise that this loan was made on the basis that it represents an advance payment against the estimated redundancy payout for [s47(3)(b)] should his appeal against the Board of Teacher Education decision be unsuccessful.

5.5 Strategic Planning for Capital Development:

The school has undertaken capital development in excess of \$10 million since its inception, with only \$400 contributed equity (i.e. shareholders' contributions), plus the amounts received in State and Commonwealth capital grants. The current debt per student is in excess of \$8,000, which is not unreasonable for a school in its current stage of development, but in association with high debt servicing arrangements, has led to an inability to proceed with advertised and promised capital developments in the immediate future.

The school is highly dependent for its continuing viability upon maintaining or improving current enrolment levels next year. The experiences of the second half of 2002 coupled with the current uncertainty surrounding the status of s47(3)(b) leads to uncertainty about the school's capacity to continue to attract clients without further capital commitments and a resolution acceptable to the school community of the s47(3)(b) case.

A Strategic Plan for Building Development 2002 – 2014 was provided to the assessors subsequent to their school visits. Although mention is made in the document of a Financial Strategic Plan and a 10 Year Master Strategic Plan neither of these documents have been supplied to the assessors despite being requested originally in writing. With these deficiencies, the Strategic Plan for Building Development 2002 – 2014 is only part of an incomplete set of planning documents.

The current situation for the school is that its capacity to meet legitimate expenses, plus other intended outlays, is perilous, without causing serious erosion to the educational program and the building program of the school. In addition, without significant restructuring of long-term borrowings and evidence of sustained and increased enrolment trends, the school's long-term financial and educational outlook is uncertain.

In our opinion, at the present time, the school does not have access to adequate financial resources for its viable operation and therefore does not comply with the accreditation criterion. The school needs to prepare longer-term business plans with associated financial models that show the strategies to be employed to ensure the school's financial future.

6. SCHOOL'S EDUCATIONAL PROGRAM AND STUDENT WELFARE PROCESSES

6.1 Statement of Philosophy and Aims (Division 3: Section 6 Regulation)

Section 6(1) of the Regulation states that a school must have a written statement of philosophy and aims adopted by its governing body that is used as –

- (a) The basis for the school's educational program; and
- (b) A guide for the school's educational and organisational practices.

The Memorandum and Articles of Association contain a statement of philosophy and aims of the corporation and, thereby, of the school. The statement appears broadly consistent with the Adelaide Declaration on National Goals for Schooling in the Twenty-first Century. The statement of philosophy and aims is not widely published in documents in complete form, but there has been a trend among teachers to include a statement consistent with it in the Introduction to each Work Program produced for the QSA. Recently, also, a Vision Statement has been prepared for the school and it appears in several locations on the campus. Teachers interviewed seemed committed to the Vision statement and prepared to endeavour to fulfil its requirements.

The Statement of Philosophy and Aims in conjunction with the new Vision Statement are appropriate and adequate documents and satisfy the accreditation criterion.

6.2 Educational Program

(Division 3: section (7) Regulation)

Section 7 of the Regulation provides, inter alia, that the school must have a written educational program that has regard to the ages, abilities, aptitudes and development of the school's students and the program must enable the students to at least achieve "*Queensland standards of learning or standards of learning comparable to Queensland standards of learning*".

The school produced its first set of Year 12 graduates in 2002. The OP results were commendable and the teachers and Board members were very proud of the results. Examination of the curriculum documents revealed a high level of compliance with QSA requirements. All work programs have QSA accreditation. Examination of student portfolios showed appropriate levels of intellectual demand of students and achievement by them. There are facilities designed to provide vocational education and training courses and they are being used for these purposes. Several students have been successfully placed in school-based traineeships.

The school staffing structure provides for pastoral care through class teacher roles, a House system and a Student Services section. All of these provisions were observed to be in existence and functioning effectively. Interviews with teachers and Heads of House revealed them to be caring professionals with a shared commitment to the welfare of children in their care. The Student Services provisions were commendable in such a young school, with both remediation and extension programs, including detailed individual learning profiles for each student in the programs. The layout of the School campus facilitates wheelchair access.

All students are required to have the approved Student Diary. Here are listed many of the routine rules, regulations, and policies of the school. A Teachers' Handbook is supplied to all teachers and contains similar but more extensive detail.

It was concluded that the educational program of the school was most satisfactory. The school's educational program provided to students is sound and is being managed by competent, committed teachers. In our opinion, the school is complying with the accreditation criterion.

6.3 Health, safety and conduct of staff and students
(Section 10 Regulation)

6.3.1 Workplace Health and Safety

Section 10(1) of the Regulation provides that a school must have written processes about the health and safety of its staff and students that accord with relevant workplace health and safety legislation.

There is a Health and Safety Committee that meets regularly. There is a Workplace Health and Safety Officer. Written documentation, policy statements, and compliance logs, especially those pertinent to Australian Standards, were not readily available at time of inspection. However, a CD containing the following policies was subsequently provided:-

- Behaviour management;
- EBA (staff conflict of interest, anti-bullying, sexual harassment);
- Emergency management;
- Excursions;
- First aid;
- Outside school hours care;
- Security;
- Staff handbook; and
- Student welfare.

We are satisfied that the policies accord with the relevant workplace health and safety legislation and therefore comply with the accreditation criterion.

6.3.2 Care and Protection of Children:

Sections 10(2) to (8) require that the school have in place a policy and procedures for the care and protection of children from harm. In addition, the processes must be readily accessible by the staff and students and provide for how the staff and students are to be made aware of the processes.

The school does have a Child Protection Policy, the scope of which conforms with the Act, with the exception that it is limited to incidents between teachers and students. This limitation appears to constrict the scope of definition of 'harm' as specified in section 3 of the Regulations.

A second shortcoming is the fact that the policy has not been widely disseminated within the school or to parents. Teachers and those in administration claim not to have ever seen the policy document and so were not aware of its contents or the procedures to be followed in the event of suspected or actual harm to students. Staff members appear not to have been provided with in-service education about the policy.

It is a requirement of the Act that the policy statement be readily accessible to staff and students and that written processes provide for how staff and students are to be made aware of the processes to be followed when abiding by the policy.

In our opinion there are inadequacies with the scope of the school's Child Protection Policy.

We consider the school is not complying with the criteria relating to the health, safety and conduct of staff and students.

7. SCHOOL'S RESOURCES

(Division 4 Regulation)

7.1 Staffing

(Section 11 Regulation)

Section 11 of the Regulation provides that a school must have a sufficient number, and appropriate types, of staff necessary for the effective delivery of the school's educational program.

Teachers are appropriately qualified for the duties being undertaken and the requirements of the Board of Teacher Registration appear to be met with respect to current registration. The number of teachers is appropriate to the educational program but the role of the teacher-librarian in the secondary school is severely curtailed by requiring the person to carry a large teaching load of four classes (more than one-half of a full teaching load). The result is that strategic planning and effective management duties in the library are restricted due to a lack of time. There is a need to address this matter in the short term to ensure an effective library and information services provision to teachers and to students. As reported by the Head of English, a significant academic department in the school,

'the impacts upon the delivery of the senior curriculum areas of English and the Humanities areas are severe and adverse. Teachers within these areas have managed admirably to supplement their teaching with the purchase of their own resources or by going to extraordinary lengths to borrow resources from colleagues elsewhere. Despite these best efforts, access of students to a wide range of resources and an appropriately resourced library has not occurred.'

There is a shortage of teachers aides and administrative support staff in the school in comparison with benchmarks for non-government schools employed by the Block Grant Authority. In the Junior School, for example, the percentage of teacher aides for the number of classes is less than 16% compared to the expected range in similar schools of 30-35%. In the secondary school, teacher support staff members are in extremely short supply. As a result, teachers in both the secondary and primary sections of the school are carrying heavy workloads. The same is true for some administration staff members. The Student Receptionist, for example, carries additional responsibility for managing first aid, caring for students who are sick, contacting parents, maintaining attendance records, ordering stationery and stores, and booking buses, all in addition to her duties at the Student Service Desk: a busy job in its own right. She indicated that she does not get any assistance, even when she needs to go to the toilet. On such occasions the student reception area is unmanned. Other staff members carry similar heavy workloads.

The school is fortunate to have committed staff willing to make such sacrifices, but there is a need to ensure that the health and wellbeing of staff members is foremost in staffing policy decisions.

While the school has sufficient, adequately qualified teaching staff, there is a lack of teacher aides and administrative support. Therefore, in our opinion, the school is not complying with this criterion.

7.2 Land and Buildings (Section 12 Regulation)

Section 12 of the Regulation provides that a school must comply with relevant land use, building, and workplace health and safety, legislation in relation to the location of the school and its buildings.

We believe the school has complied with the relevant land use, building and workplace health and safety legislation in relation to the location of the school and its buildings.

However, according to the Chairman, the local Council has a requirement that the school have an external exit to the site in the case of emergencies. This cannot be achieved without acquiring additional land. A lease was taken over adjoining land, along with an option to buy. The lease payment of \$65,000 per annum seems extremely high for undeveloped land. A recent valuation has confirmed that the land has a value in excess of the option purchase price. Acquiring the land would thereby provide additional equity to the school, with some possibility of the bank releasing one or more of guarantees, or allowing the Board to renegotiate the terms of current loans to yield a lower rate of interest. It is not established at this time that the bank will be prepared to extend further loan funds or, if so, under what conditions.

In the near future, the Board may need to borrow a further \$500,000 approximately for land costs, with considerable additional road development costs, to create an external exit to the site.

There is a related problem in that the Council cannot be assumed to permit exit from the school site in the area proposed because of likely impediments on the quiet enjoyment of existing residents in the street where the traffic discharge would occur.

Therefore, although the school is currently making arrangements for the second access for emergencies, this access is not in place at this point in time, and given the possibility of objections it is not possible to make a decision on this criterion at this stage.

7.3 Educational facilities and materials (Section 13 Regulation)

Section 13 of the Regulation provides that a school must have the educational facilities and materials necessary for the effective delivery of the school's educational program.

The school has made a significant commitment to information technology and is well provided with computers for student and staff use. The annual financial lease commitments are considerable to sustain this provision.

There is serious neglect of the other main information source, library resources, especially in the secondary school. The location used for the secondary library is a large classroom, half of which is used for computer access. In place of a custom built facility, the provision is quite inadequate; a situation that may be tolerated in a developing school for

a short time to accommodate master plans. The prevailing situation at the school appears more long-term, with any change, according to the Directors, unlikely before 2006.

The Secondary School collection at May 2003 (as noted above) included 4,273 resources of all types, not including computer based ICT databases or www access resources.

Standards recommended by the Australian Librarians Association for a foundation collection for a school with 461 secondary students, is a total of 10,454 resources. The school has less than 41% of the recommended minimum holdings without considering the age of the school's holdings. The recommended foundation collection is for an up-to-date collection with an average age of resources of less than 10 years.

The size of the book and periodical collection is inadequate for a school offering Year 12 courses and there is no evidence of a serious financial intention to rectify this situation. Even for a relatively new school it is obvious that there has not been a commitment to the provision of adequate library or other research resources. Teachers report that they have attempted to compensate for this shortcoming by providing their own resources, or borrowing them from other schools, in order to ensure that their students are not short-changed by an inability to access needed resources.

Budgeted and actual spending on educational resources has fallen in each of the past three years (with the 2003 being budget figures only at this time) whilst enrolments have been increasing annually in that period. However, the board, on request of the co-principals, recently provided an additional \$43,000 for needed resources.

Teachers in the Junior School reported that they had exhausted the year's allocation of coloured paper for student use by the end of term 1 and that there is a serious lack of literacy and numeracy resources for the classes. All interviewed stated that they were purchasing resources from their own incomes.

It is a standard budgeting principle that a school should match its enrolment growth with equivalent levels of spending on educational resources. At SCGS, however, departmental budgets have been reduced in 2003 with some departments struggling to provide even minimal levels of student resource needs. Music and Art are cases in point, among others, where budget allocations are so minimal as to call into question the capacity of teachers to continue to provide a meaningful program of studies. For example, the Art Department budget declined from \$26,000 in 2001 to \$19,000 in 2003 despite an increase in student numbers. The budget allocation for the Junior School decreased from \$104,000 in 2002 to \$62,000 in 2003, \$10,000 of which was earmarked for payment to the Head of Support Services. The net result was \$52,000 for the needs of 512 students and 35 staff.

There has been an erosion of school resource spending in past years, other than in information technology resources where the school is well provided. The consequence of underspending is that the stock of resources in several areas, particularly in the secondary school, is below minimum acceptable levels. These circumstances can be tolerated only in the very short term before significant consequences result for the school's educational program.

In our opinion, the school does not have sufficient educational facilities and materials (library facilities and resources) necessary for the effective delivery of the educational program and does not meet the criteria.

8. SCHOOL'S IMPROVEMENT PROCESSES (Division 5 Regulation)

Section 14 of the Regulation requires schools to have systematic procedures to ensure that strategies and outcomes are monitored in order that goals might be achieved. Commonly in schools these improvement processes are contained within Strategic Plans, Business Plans, and Annual Reports. Strategic Plans may cover a spread of years, with five and ten year models being the most common. Business Plans may relate to the same period as the Strategic Plans but there should be an annual Business Plan supporting the budget for the current year. Annual Reports exist to provide stakeholders with details of how well the school met the intentions of the Plans. All of these documents should be written and, variously, should be available to selected stakeholder groups within the school community. The common object in schools is to achieve a degree of 'transparency' about school plans, intentions, and the strategic decision-making that occurs.

This understanding of planning and communication is largely missing in the operations of Sunshine Coast Grammar School. No evidence was provided of any explicit planning documents or written rationale for patterns of operations during school visits, despite being requested in the original letter sent to the school Board and reiterated during visits of the assessors. Subsequently a Master Plan document was provided as outlined above in the section entitled, '*Strategic Planning for Capital Development*'.

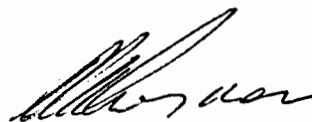
Members of the School Board appear well intentioned, but their efforts to communicate the reasons for decisions to the school community and to those charged with the responsibility of carrying them out have not proven successful.

It is not the practice of the Board to publish Annual Reports for the school community. There is a School Magazine, but this is not a report on progress towards key performance indicators. The school holds an obligation under the Accreditation Regulations to provide annual reporting to the school community about the achievement of improvement strategies. To some degree this is addressed in Speech Day reports but there appears no attempt to provide consistent sets of identifiable indicators of school performance over time.

We conclude that the school is not currently conforming to the requirements of the accreditation criterion regarding school improvement processes.



Dr Murray Evans



Mr Donald Langdon

NB: Hand-written paragraph numbering
added by the Board for convenience

18 August 2003

Emeritus Professor Roy Webb AO
Chairperson
Non-State Schools Accreditation Board
PO Box 347
Brisbane Albert Street BC Q 4002

Dear Professor Webb

During the course of our assessment as to whether the Sunshine Coast Grammar School is complying with the accreditation criteria under the *Education (Accreditation of Non-State Schools) Act 2001*, further information that is not specific in our opinion to the accreditation criteria outlined in the Regulations, has come to our attention. This information is set out below for the information of the Accreditation Board.

The further issues are as follows:

1. Corporate Structure & Financial Viability

- 1.1 The original vision and the subsequent directions taken by the school emanate from its founder and owner, [s47(3)(b)]. Until he stood down, he was the only educational specialist on the school's board and these skills have not been replaced. Under the current corporate structure while the ongoing control of the school rests with the Board of Directors of the governing body, [s47(3)(b)] as owner holds ultimate control in that he is able to determine the composition of the board. This creates a dilemma for the current board members, as they must maintain contact with [s47(3)(b)] regarding educational and ownership matters despite declaring their independence from him. This helps to foster the impression that [s47(3)(b)] continues to be a significant influence in the governance of the school in his absence.
- 1.2 However, from interviews we have identified that there is a general perception held, rightly or wrongly, amongst the staff and others that [s47(3)(b)] is still wielding control and effectively managing the school.
- 1.3 Under the existing structure it is almost impossible to refute this perception. If the structure is not addressed this perception has the potential to cause significant damage to the school. For example, as mentioned in our report on the accreditation criteria, at the close of the 2002 school year, student enrolments had decreased by 166, additional to the Year 12 exiting class.
- 1.4 When surveyed by the school's enrolments officer, parents of many of the 166 indicated 'dissatisfaction with the Headmaster' as the reason for cancelling their enrolments. While it is a tribute to the school that it commenced the 2003 school year with 1,040 students, this enrolment level is 210 students below the expectations of the original feasibility

study. The enrolment for 2003 appears to indicate that the public image of the school has not, as yet, been irreversibly compromised by the events of 2002, however, there are serious concerns regarding the school's ability to maintain or improve these enrolment levels if [s47(3)(b)] remains associated with the school in any capacity.

1.5 Other matters emanating from the existing corporate structure that reflect on the school's financial viability are the following

1. The payments totalling \$265,520 which have been made, or are intended to be made to the [s47(3)(b)] family in 2003; and
2. The payment of directors' fees for school board membership.

1.6 On the matter of the payments to the [s47(3)(b)] family, within the school community it is believed that the [s47(3)(b)] family is being paid a considerable sum and that this is both unconscionable and financially hurtful to the school in its present difficult circumstances. These payments, have contributed to a climate of distrust in which the Board and the owners currently are perceived to operate.

1.7 Also, as mentioned in our report, [s47(3)(b)] has been provided with an unsecured loan. Members of the board advise that this loan was made on the basis that it represents an advance payment against the estimated redundancy payout for [s47(3)(b)] should his appeal against the Board of Teacher Education decision be unsuccessful. There does not appear to be any conscionable justification for this loan especially as it is made to [s47(3)(b)] rather than [s47(3)(b)].

1.8 We also mention in our report on the accreditation criteria that the payment of directors' fees for school board membership is most uncommon. Comments made during interviews and in correspondence received by us indicate that these payments are perceived by many in the school community as an outflow of funds that could be spent on school needs.

2. Lack of Effective Working Relationship Between the Board and the School Executive

2.1 Since the foundation of the school, [s47(3)(b)] has been the [s47(3)(b)] and [s47(3)(b)] and owner. The relationship between him and the board has been extremely close and he has provided the vision for the school. [s47(3)(b)] maintained these positions throughout 2002 whilst his case was being heard, being forced to relinquish all but the ownership in November 2002.

2.2 The departure of [s47(3)(b)] created a management vacuum, especially in educational expertise, which still persists and has not been adequately addressed. Steps were taken to establish a new executive at school level. The school community was advised at a public meeting in November that the three existing co-principals would lead the school for the balance of 2002 and in 2003. In December, after the school year was complete, [s47(3)(b)] [s47(3)(b)] was made redundant. This was announced as a restructure necessary for financial and budgetary reasons. [s47(3)(b)] in interview, believes it was because he refused to support [s47(3)(b)] when called upon to do so by the Headmaster, and because of extensive periods of sick leave. [s47(3)(b)]

s47(3)(b) advised that he repaid to the School Council the full amount of his sick leave (\$11,009.98) prior to his termination. The remaining two co-principals were appointed to lead the school for a period of 12 months.

- 2.3 The directors have advised that there have been several discussions with the co-principals regarding their roles and the Board's expectations but these have not been provided systematically in a written duty statement. After a number of requests from the co-principals written contracts were finally provided in May. At the time of writing, these have not been signed by the co-principals because of dissatisfaction with some of the terms.
- 2.4 The board appears unwilling to provide to the co-principals the full extent of delegated authority that is normally associated with the principal of an independent school. Board members have advised that the main reason for their unwillingness is the belief that the co-principals lack the necessary experience. Other arrangements have been put in place to cover the perceived shortcomings. This has involved the board promoting an existing part-time employee (s47(3)(b)) to a newly created role of Manager-Administration. This appointment has been viewed with suspicion by many others working within the school and seems contrary to the staffing authority specifically delegated to the co-principals. Another example is the continuing employment on staff of s47(3)(b) s47(3)(b) s47(3)(b).
- 2.5 The appointment of s47(3)(b) is seen by members of the school community as an unjustified appointment on the basis of her experience and qualifications and is related to the changed remuneration arrangements for s47(3)(b). There is a general feeling among staff that the real reason for her appointment is to be the "eyes and ears" of s47(3)(b) s47(3)(b) while he is unable to attend the school.
- 2.6 s47(3)(b) has been maintained in her position with various new duties assigned to her despite limited experience in the areas of responsibility. An example is her role as International Student Liaison Officer where she is called upon to promote attendance of international students at the school. The staff member who held this role in 2002 indicated that, in his professional opinion:
- "the lack of this person's experience and professionalism in this area is damaging the school in the potentially lucrative international market"*
- 2.7 The retention of this staff member has been at the direction of the board and contrary to the views of the co-principals who see more urgent staffing needs. Also, the appointment of s47(3)(b) to the new position of Manager-Administration was made directly by the board without consultation with, or input by, the co-principals who hold other priorities in staffing and who feel threatened by the appointment. The board's Finance Director, Stephen Beebe, indicated that the appointment was made solely in recognition of s47(3)(b) skills and capacities. She has no formal qualifications in the duties to which she has been assigned and the co-principals report that she does not willingly take direction from them.
- 2.8 In both instances the co-principals have communicated in writing and verbally to the board their disagreement with these appointments and the scope of duties assigned to them.

- 2.9 Through their actions and directions the board has effectively limited the role of the co-principals to the fields of education and pastoral care. However, at times the board has chosen to communicate other decisions through the co-principals, despite their objections, and has expected them to implement the decisions and be publicly supportive of them.
- 2.10 An example of the above is the appointment of s47(3)(b). Both co-principals actively objected, verbally and in writing, to this appointment but the board proceeded for its own reasons and instructed the co-principals to make the announcement of the appointment. This was done but the chairman in an e-mail expressed his dissatisfaction with the wording of the announcement as it assigned to the board responsibility for the appointment.
- 2.11 The board advised that, in their view, the co-principals had expressed verbal support for the intended appointment and so members of the board were disappointed by the way the co-principals handled the announcement. This view seems to be in conflict with the written record at the time.
- 2.12 A further example of the limitation of the co-principals' duties was their limited involvement in preparing the budget for 2003. Directors advise that this was prepared by Stephen Beebe, in consultation with John Burgess from his home whilst disqualified. The co-principals were called to his home to be advised of the outcomes. While, for practical reasons, s47(3)(b) may have needed to be actively involved in preparing the budget, the realities of running an independent school are such that it would have been particularly appropriate for the co-principals to have significant input to the process as they were to be the people to manage the implementation.

3. Workplace Health and Educational Program Management

- 3.1 There are serious issues of workplace health and educational program management that do not appear to have been addressed effectively by the school board, which is perceived as insensitive to the importance of managing relationships within an organization. In particular, the school board appears unable to manage effectively its relationships with management, teaching and administration staff and the school community.
- 3.2 This shortcoming is relevant to several expressed concerns about board practice, including managing relationships with the Commonwealth Bank, the senior executive of the school, and the teachers and parents of the school. We have concluded that this is a major weakness in the practices of the current board.
- 3.3 There is a significant level of distrust of the board that, from interviews, appears to be held generally among staff and the wider school community. The distrust appears to result from a number of causes, but particularly seems to come from what are seen to be arbitrary or insensitive decisions of the board. In the absence of credible explanations of board decisions, they are assumed to be influenced by s47(3)(b) and are seen to be uncaring of the opinions and feelings of many people in the school community who see as objectionable any continuing involvement of s47(3)(b) in school affairs.
- 3.4 In interviews with teachers it was claimed that there is a climate of fear among staff members in the school. The causes seem to be related to several matters. One is the

s47(3)(b) case itself, with the unfavourable media attention drawn to the school. Another relates to several staff redundancies that occurred in December 2002 without notice, often in the holiday period, and with little explanation to remaining staff members. One staff member commented that several of his colleagues are reluctant to open mail around Christmas for fear of finding themselves made redundant. A third is the perception that to question any decisions of the headmaster or of the board would be seen as disloyalty to the school, with the likely consequence being loss of employment.

- 3.5 Teachers and other staff members report that they are experiencing significant levels of emotional stress through their employment in the school. This situation is not helped by a lack of other employment options in other schools in the area. Staff members report feeling trapped there and wish that they could work under less stressful conditions. Whatever the causes or justification for these emotions, our interviews with teachers indicate that they do exist and the board seems either unaware of them, uninterested to take significant steps to promote a healthier climate in the school, or incapable of identifying what might be done to redress the situation.

- 3.6 Recently some staff members made allegations through the Student Councillor accusing s47(3)(b) of sexual harassment. The Councillor took these matters to the May meeting of the board, on invitation. She received a compassionate hearing but the outcome appears to have placed the responsibility for action back on the individuals. The board does not seem to have assumed a role for itself in possibly providing counselling or legal assistance to the individuals as a precursor to any action. The particular individuals have expressed fear of s47(3)(b) and the possibility of there being repeat episodes of behaviour considered unacceptable by them.

- 3.7 In the words of an independent consultant working in one area of the curriculum, 'Working with 'toxic workplaces' is my business, but I have never been in a place where there are more 'walking wounded' than at Sunshine Coast Grammar School.' (Telephone interview with s47(3)(b) 23/05/03).

- 3.8 Staff members of the school, both teaching and other classifications, remain very loyal to the school and its original vision, but several are now exhibiting increasing levels of confusion, disenchantment, distrust, frustration, and fear for their continuing employment.

4. Perceived Conflicts of Interest for Directors

- 4.1 At least two directors (Malcolm McComb and Stephen Beebe) derive substantial fees for services provided to the school, additional to their directors' fees. One director (Ross Johnston) is a former partner of the school's audit firm.
- 4.2 It was reported to us by several people interviewed that they see the potential for a conflict of interest in the decisions made within the board resulting from these relationships. This perception is reinforced by the nature of the corporate structure and the limited number of directors, both of which are perceived to lack adequate levels of accountability expected in an organisation in receipt of government funds.
- 4.3 When raised with members of the board it was claimed that there were no conflicts of interest because the directors have acted in the interests of the school with expertise enhanced by their intimate knowledge of the school, its circumstances and requirements, provided at fee levels consistent with or lower than normal professional scales. s47(3)

s47(3)(b) advised that he retired more than two and a half years ago and there was no ongoing relationship that created any conflict of interest. It is standard professional practice for the responsibility to fall upon the audit company to ensure that there is no conflict of interest resulting from the presence of the former partner serving as a director on the board of a client of the company.

4.4 The directors appear to have been insensitive to the way these arrangements are perceived by the school community, particularly in the circumstances that currently surround the school.

4.5 For example, the fact that the Chairman's firm provides solicitor services to the school and that the fees for service increased from \$22,039 in 2001 to \$59,811 in 2002, returning to \$24,000 in the budget for 2003, taken in association with the s47(3)(b) legal case in 2002, has fuelled speculation that the school is paying s47(3)(b) legal fees.

4.6 While some of these fees relate to advice to the school in relation to its position with respect to the s47(3)(b) case and its consequences for the school, there still remains disquiet that school funds have been used to assist with s47(3)(b) legal expenses. The Chairman has denied categorically that any of the school's fees have been for the legal support of s47(3)(b) indicating that the records will show that many of the costs related to staffing matters and sporting facility development projects at the school. However, such perceptions continue whilst there is seen to be a close relationship between the interests of the owners, a position on the board and payments for professional services rendered by some board members.

4.7 In the short-term it may be argued that these types of contractual arrangements leading to involvement in school operations can be justified due to a shortage of appropriately skilled people and because of the close knowledge of the school held by the Directors. However, recent guidelines issued by the ASX and supported by other professional bodies indicate that, in the longer term, such arrangements tend not to support strong and independent levels of corporate governance. They also do little to build school community confidence in the board and its decisions.

5. Conclusion

5.1 The quality of the internal and external communication of the school board, if not significantly improved, will continue to cause damage to the school. There are circumstances where information is confidential and inappropriate to be disseminated. However, the long-term viability of the school is dependent on the support of management, staff and the school community. In this respect, the Board needs to show leadership. The reputation of the school needs to be rebuilt through open and honest communications with the various stakeholders and supporters in order to develop teamwork and a sense of shared accountability. In the process, the board might recognise more strongly the dedication and determination of the staff through what has been a very trying period for the school.

5.2 The goodwill of several teachers is being taxed by heavy workload requirements. This is being aggravated by a shortage of support staff. However, staff members remain committed to the school vision, despite the difficulties of the past year, but there is resentment about appointments of administration staff made by the school board. In particular, the appointment of s47(3)(b) to Manager—Administration and the changed

duty statement for [s47(3)(b)] have led to disillusionment among several staff members. It is unlikely that staff confidence can be maintained in the absence of more supportive actions by members of the school board.

- 5.3 In our view, there is perceived veil of secrecy over the operations of the School Board and the reasons for its strategic and financial decisions.
- 5.4 We have concluded that there is a future for SCGS, but not under the current structures and arrangements. There is the potential for a revitalised school community, increased public confidence in the school and its governance, and the possibility of a more supportive lending agency, with the timely addressing of issues identified in our report. We have also concluded that time is short for these changes to be effected if the school is to remain viable.
- 5.5 On July 15 it was reported in *The Courier Mail* that [s47(3)(b)] appeal was unsuccessful against the cancellation of his teacher registration. The school board is to meet in the near future to formulate future plans, given that [s47(3)(b)] will not be eligible to return to the position of Headmaster, but will remain owner of the school.



Dr Murray Evans



Mr Donald Langdon

Released Under
RTI Act by DE



Express Post

2 September 2003



SENDER TO KEEP
BQ9161342

Mr M D McColm
Sunshine Coast Grammar School Pty Ltd
C/- McColm Matsinger Lawyers
PO Box 737
Maroochydore Qld 4558

Dear Mr McColm

The Non-State Schools Accreditation Board (the "Board") is writing to transmit the attached **show cause notice** issued under the *Education (Accreditation of Non-State Schools) Act 2001*, section 64, to Sunshine Coast Grammar School Pty Ltd, as governing body of Sunshine Coast Grammar School.

The Board is proposing to cancel the accreditation for preschool education, primary education and secondary education at Sunshine Coast Grammar School.

The attached show cause notice sets out the details of this matter, including key dates, the Board's proposed action, the grounds for the proposed action, an outline of the facts and circumstances forming the basis for the grounds, and an invitation for Sunshine Coast Grammar School Pty Ltd to show why the proposed action should not be taken.

Sunshine Coast Grammar School Pty Ltd is invited to show on or before 7 November 2003 why the Board should not take the action proposed. Any representations to the Board **must** be in **writing**. The Board will consider any written representation made to it on or before 7 November 2003.

For your assistance, a copy of the *Education (Accreditation of Non-State Schools) Act 2001* and the *Education (Accreditation of Non-State Schools) Regulation 2001* may be found on the Queensland Parliamentary Counsel's web site at <http://www.legislation.qld.gov.au> or a copy may be purchased from Goprint, the Government Bookshop, by telephoning (07) 3246 3399 or Toll Free 1800 679 778.

If you require further information about this matter, you are invited to write to the Board at PO Box 347, Brisbane Albert Street BC Qld 4002. You may contact the Board's office on telephone (07) 3235 4729.

Yours sincerely

Emeritus Professor Roy Webb AO
Chairperson

Attachment: Show Cause Notice dated 2 September 2003

RECORDS AWAY

/ /
- 2 SEP 2003



SHOW CAUSE NOTICE

Non-State Schools Accreditation Board (the "Board")

Education (Accreditation of Non-State Schools) Act 2001 (the "Act")

Section 64

Issued to: Sunshine Coast Grammar School Pty Ltd (the "governing body")

Name of school: Sunshine Coast Grammar School (the "school")

Date of issue: 2 September 2003

Show cause period: The show cause period ends on 7 November 2003.

Board's authority: The Board is authorised to cancel a school's accreditation under the Act, chapter 2, part 4.

Proposed action: The Board is proposing to cancel the school's accreditation for preschool education, primary education and secondary education under the Act.

Grounds: A. The school is not complying, has not complied, with an accreditation criterion [Act, section 63(1)(d), refers].

The relevant accreditation criteria as prescribed in the *Education (Accreditation of Non-State Schools) Regulation 2001* (the "Regulation") are:

- (i) Financial viability [Section 5 refers].
- (ii) Staffing [Section 11 refers].
- (iii) Land and buildings [Section 12 refers].
- (iv) Educational facilities and materials [Section 13 refers].

B. The school's governing body is not, is no longer, suitable to be the school's governing body [Act, section 63(1)(c), refers].

**Facts and
circumstances
forming basis for
grounds:**

A. Accreditation criteria

After considering the written report dated 18 August 2003 from the assessors (the "report"), appointed by the Board to assess whether the school is complying with the accreditation criteria, the Board reasonably believes that grounds exist to cancel the school's accreditation.

Financial viability [Section 5 refers]

1. The Board believes that the school is not complying with section 5 of the Regulation, as the school does not have access to adequate financial resources for its viable operation.

2. The Board has formed this belief on the basis of the facts and circumstances detailed in the attached report, principally sections 2.1, 3 and 5.

Staffing [Section 11 refers]

3. The Board believes that the school is not complying with section 11(1) of the Regulation, as the school does not have a sufficient number, and appropriate types, of staff necessary for the effective delivery of the schools' educational program.

4. Specifically, the school does not have a sufficient number of teacher aides and administrative support staff.

5. The Board has formed this belief on the basis of the facts and circumstances detailed in the attached report, principally sections 2.3 and 7.1.

Land and buildings [Section 12 refers]

6. The Board believes that the school is not complying with section 12 of the Regulation, as the school is not complying with relevant land use, building, and workplace health and safety, legislation in relation to the location of the school and its buildings.
7. The Board's belief is based on the following:
- (a) The local council requirement is that the school is to have a second external access to the site for use in the case of emergencies (as detailed in section 7.2 of the report).
 - (b) The school is currently making arrangements for this access, however, at the time of the assessment this access was not in place.
 - (c) This access requires finance that currently appears to be inaccessible to the school.
8. Accordingly, given that the access is not complete the Board considers that the school is not complying with the relevant land use legislation.

Educational facilities and materials [Section 13 refers]

9. The Board believes that the school is not complying with section 13 of the Regulation, as the school does not have the educational facilities and materials necessary for the effective delivery of the school's education program.
10. Specifically, the school does not have adequate library facilities and resources.
11. The Board has formed this belief on the basis of the facts and circumstances detailed in the attached report, principally sections 2.3, 3.12 and 7.3.

B. Suitability of the school's governing body

12. The assessors have given the Board a letter dated 18 August 2003 (the "letter") containing further information concerning the conduct of the governing body and its management of the school, which in the opinion of the assessors was not relevant to any specific accreditation criteria.
13. After considering the letter the Board reasonably believes that a ground exists to cancel the school's accreditation.
14. The Board believes that the school's governing body is not, is no longer, suitable to be the school's governing body for the following reasons:

Constitution and structure of governing body

- (a) The constitution of the governing body with regard to membership and organisation is inadequate to ensure sound direction of the school and continuing satisfactory standard of the school's educational program.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached letter, principally paragraphs 1.1, 1.2, 1.3 and 2.1.

- (b) The governing body is not constituted by members with an appropriate range of expertise relevant to the management of the school, in particular the school's educational program, staffing, land and buildings, and educational facilities and materials.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached letter, principally paragraphs 1.1, 2.2, 3.1, 3.2 and 3.6.

- (c) The governing body does not have sole control over the school's operations and the governing body's management and governance decisions about the school are being influenced inappropriately and improperly by a former director.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached letter, principally paragraphs 1.1, 1.2, 1.3, 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 3.3, 4.5 and 4.6.

Conduct of governing body

- (d) The governing body does not have a structure, nor does it operate in a way, that is sufficiently transparent to enable all individuals associated with governing the school to be readily identified and apparent.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached letter, principally paragraphs 1, 2.1, 2.2, 2.12 and 5.1.

- (e) The governing body does not operate in a way that is sufficiently transparent in terms of its strategic and financial matters to minimise (as far as is possible in a commercial sense) allegations that the governing body operates in secret.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached letter, principally paragraphs 1, 2, 3.3, 4, 5.1 and 5.3.

- (f) The conduct of the governing body has given rise, and is likely to continue to give rise, to allegations or perceptions of conflict of interest.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached letter, principally paragraph 4.

- (g) The governing body has failed, in the face of allegations of sexual harassment brought to the attention of the governing body, to respond properly and to take appropriate action to provide (as far as is possible) a safe and secure environment at the school for staff, students and parents of students.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached letter, principally paragraphs 3 and 5.2.

- (h) The conduct of the governing body is having an adverse effect on the operations of the school, including its working relationship with the school's executive.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached letter, principally paragraphs 1, 2, 3, 4, 5.1, 5.2 and 5.3.

Governing body's management and administrative arrangements

- (i) The governing body has failed to have in place systems to ensure compliance with the accreditation criteria.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached report.

- (j) The governing body does not have in place adequate and proper systems to establish and maintain the customary arrangements regarding the employment and management of staff.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached letter, principally paragraphs 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 2.11, 2.12, 3.4, 3.6, 3.8, 5.1 and 5.2.

- (k) The governing body has failed to ensure the employment of suitably qualified staff at the school.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached letter, principally paragraphs 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 2.11, 2.12 and 5.2.

- (l) The governing body does not have a system to evaluate its effectiveness in performing its functions.

The Board has formed this belief on the basis of the facts and circumstances detailed in the attached letter, principally paragraphs 1, 2, 3, 4, 5.1, 5.2 and 5.3.

Invitation to make written representations:

The governing body is invited to make **written** representations about this show cause notice on or before 7 November 2003 setting out why the Board should not take the proposed action.

The Board has a statutory obligation to consider any **written** representations made on or before 7 November 2003.

Representations to be made to Board:

Any representations must be made in **writing** to the Board. Representations may be addressed to Emeritus Professor Roy Webb AO, Chairperson, Non-State Schools Accreditation Board.

The Board's address for posting written representations is: PO Box 347, Brisbane Albert Street BC QLD 4002.

The Board's address for hand delivering written representations is: Level 21, Education House, 30 Mary Street Brisbane QLD.

The Board's address for sending written representations by facsimile is: (07) 3237 0004.

If Board decides to cancel accreditation:

If the Board decides to cancel the school's accreditation, the Board is obliged to give the governing body an information notice advising of the cancellation.

Any cancellation will not take effect until (i) the last day to apply for a review (appeal) of the decision to cancel, or (ii) if an application is made for a review (an appeal) of the decision to cancel, the day that application is decided or otherwise disposed of.

Right of review (appeal):

If the Board decides to cancel the school's accreditation, the governing body has a statutory right to apply to the Minister for Education for a review of the Board's decision.

End

Released under the RTI Act

REPORT TO NON-STATE SCHOOLS ACCREDITATION BOARD

ON

SUNSHINE COAST GRAMMAR SCHOOL

COMPLIANCE WITH ACCREDITATION CRITERIA

PREPARED BY

DR MURRAY EVANS

&

MR DONALD LANGDON

18 AUGUST 2003

Released under the
RTI Act by DET

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1. PURPOSE STATEMENT

The purpose of this report is to assess and provide an opinion on the standard of Sunshine Coast Grammar School's (the school's) compliance with the criteria for accreditation (see 2 below).

The Non-State Schools Accreditation Board (NSSAB) appointed Dr Murray Evans, Principal Somerville House, and Mr Donald Langdon, Partner Hall Chadwick Chartered Accountants as joint assessors who have prepared this report.

The assessors visited the school on three occasions: 16, 21 and 27 May 2003 for the purposes of conducting the assessment. Prior to these visits on 2 May 2003, the assessors wrote to the school and provided a list of the information and documents required for the investigation. In conducting their investigation the assessors reviewed the financial, organisational and educational material provided and undertook interviews with the following people:

- All board members either in person or by telephone;
- The Co-Principals;
- Finance Manager;
- Manager-Administration;
- Student Co-ordinator and Heads of House;
- Groups of primary and secondary teachers including a number of groups randomly selected from the staff listing by the assessors; and
- A group of administration and finance staff.

The assessors advised all interviewees that the confidentiality of any comments made or views expressed would be maintained as far as possible but that the assessors could not ensure continued confidentiality after their final report was submitted. All interviewees accepted these conditions.

Since the assessors' school visits there has been considerable action from members of the school board. Many emails have been sent to the assessors, with indications that various perceived omissions were being rectified. A compilation of policies has been developed and supplied on CD, an updated version of the original plan for the school has been prepared and sent, and explanatory information provided in response to matters raised on-site by the assessors. Some of this information has been financial, reconciling identified variations, and some educational, for example, explanations of factors leading to changes in the LOTE program with consequent staff losses.

There remain shortcomings in some of what has been provided subsequently and these matters have been referred to in the appropriate sections of our report.

2. SUMMARY OF FINDINGS

Overall, we have concluded that there needs to be a number of significant changes for the school for full compliance with the accreditation criteria. Our conclusions with respect to each of the accreditation criteria are as follows:

2.1 The school's financial viability

Section 5 Education (Accreditation of Non-State Schools) Regulation 2001

It is not evident that the school has the capacity to supply educational services to the standards promoted in the school prospectus and in regular communications to the school community within the timeframes consistent with the strategic business plans and reasonable community expectations.

In our opinion, at the present time, the school does not have access to adequate financial resources for its viable operation and therefore does not comply with the accreditation criterion.

2.2 The school's educational program and student welfare processes

Division 3 Education (Accreditation of Non-State Schools) Regulation 2001

Section 6 – The Statement of Philosophy and Aims in conjunction with the new Vision Statement are appropriate and adequate documents and satisfy the accreditation criterion.

Section 7 – The school's educational program provided to students is sound and is being managed by competent, committed teachers and is complying with the accreditation criterion.

Section 10(1) – Written documentation, policy statements, and compliance logs relating to health and safety of staff and students were not readily available at the time of inspection. However, a CD containing the relevant written processes has subsequently been provided. The written processes comply with the accreditation criterion.

Section 10(2) – There are inadequacies with the scope of the school's Child Protection Policy. In our opinion, the school is not complying with the criteria relating to the health, safety and conduct of staff and students.

2.3 The school's resources

Division 4 Education (Accreditation of Non-State Schools) Regulation 2001

Section 7 – While the school has sufficient, adequately qualified teaching staff, there is a lack of teacher aides and administrative support. Therefore, in our opinion, the school is not complying with this criterion.

Section 12 (Land and Buildings) – We are unable to make a decision on compliance with this criterion (given that the school is currently making arrangements for the second access site for emergencies, in accordance with Council requirements at present).

Section 13 – In our opinion, the school does not have sufficient educational facilities and materials (library facilities and resources) necessary for the effective delivery of the educational program and does not meet the criteria.

2.4 The school's improvement processes

Section 14 Education (Accreditation of Non-State Schools) Regulation 2001

The school is not currently conforming to the requirements of the accreditation criterion regarding school improvement processes. The areas of concern are as follows:-

- The strategic and business plan documents provided by the school were incomplete and not up to date;
- Other than the monthly financial reports and statutory reporting, there is no overall monitoring and reporting of achievements and indicators identified in the strategic and business plans; and
- There is no effective regular communication to the various stakeholder groups within the school community of the school's performance as required under the accreditation criterion.

3. BACKGROUND

3.1 Location

Sunshine Coast Grammar School is a P-12, co-educational, independent school located at Forest Glen on the Sunshine Coast.

3.2 Accreditation/Funding Status

Sunshine Coast Grammar School was granted primary non-state school status from 1 January 1997; and preschool and secondary non-state school status from 1 January 1998.

School in receipt of funding status for Years 1 to 7 was approved from 1 January 1997 and funding for the preschool year and Year 8 was granted from 1 January 1998. School in receipt of funding status for Years 9, 10 and 11 were approved from 1 January 1999, 1 January 2000 and 1 January 2001 respectively.

The transition provisions of the *Education (Accreditation of Non-State Schools) Act 2001* automatically granted full school in receipt of subsidy status for the Preschool Year to Year 12 on 1 January 2002 for the school.

3.3 Enrolment Profile

The school commenced in 1997 as a primary school with enrolments in all year levels. A Year 8 enrolment was introduced in 1998, progressing to the first Year 12 group in 2002. The initial enrolment was 250 students, rapidly escalating to the current enrolment of approximately 1,040 students. Enrolments reported in the February State census summarise as follows:

YEAR	ENROLMENT NUMBERS
1999	764.0
2000	904.0
2001	969.0
2002	1,026.0
2003	1,037.0

At the close of the 2002 school year, student enrolments had decreased by 166, additional to the Year 12 exiting class. Despite this additional loss of enrolments, the school commenced the 2003 school year with 1,040 students. This enrolment level is 210 students below the expectations of the original feasibility study.

3.4 Corporate Structure/Ownership

A search of the ASIC records and the corporate records indicate the following:

- (a) The governing body is a private family company limited by shares. There are 401 shares all of which are held by the [s47(3)(b)] family (400 [s47(3)(b)] and 1 [s47(3)(b)]
- (b) [s47(3)(b)] is the permanent Governing Director (i.e. until death, retirement or resignation), however at this point in time he has been forced to relinquish his role as he currently does not have the legal capacity to act as a Director under the Accreditation Act.
- (c) In addition to [s47(3)(b)] there are four directors:-
- Mr Malcolm McComb (solicitor),
 - Mr Ross Johnston (chartered accountant),
 - Mr William Brewer (retired bank manager); and
 - Mr Stephen Beebe (chartered accountant).
- (d) The Chairman is Malcolm McComb, a position held since [s47(3)(b)] stood down.

There are appropriate "not for profit" clauses in the Memorandum of Association and the Articles of Association and the company has been approved by the ATO as a tax exempt body. The authority to appoint directors and to change the Memorandum and Articles of Association resides with the owners.

3.5 Funding History (State and Commonwealth)

(Data provided by the Office of Non-State Education, Grants and Allowances Payments System, as at 1 August 2003)

State Recurrent Grant Payments

1999	\$731,463
2000	\$901,186
2001	\$1,079,935
2002	\$1,253,343
2003 to date	\$968,886

Commonwealth Recurrent Grant Payments

2001	\$891,082.50
2002	\$3,131,577.99
2003 to date	\$2,551,904.10

Capital Assistance

Year	Project	Total Project Cost	State Assistance	Commonwealth Assistance
1999	Construction of nine general learning areas, extension of the staff room, covered walkways and conversion of one general learning area	\$1,185,200	\$146,700	\$117,500
2000	Construction of Library/Resource Centre, site works and furniture	\$1,368,500	\$215,800	\$172,700
2001	Headworks charges	\$46,198	\$23,099	Nil

3.6 Major Lender

From the financial records of the school and discussions with the directors, financial support has been through the Commonwealth Bank, with security over land and buildings, and with additional personal guarantees from the shareholders and three individuals.

The directors have also advised that the school's borrowing arrangements are closely monitored by the CBA. This is a constraint upon short-term future development of the site and its buildings.

3.7 Financial Information

3.7.1 Historical Financial Data

The financial statements from 2001 and 2002, together with the management financial reports for December 2002 and March 2003 show the following:

Financial Performance	2002	2001
	\$	\$
Revenues from ordinary activities	10,326,787	8,646,253
Expenses from ordinary activities		
Employee salaries & related costs	(6,505,679)	(5,100,098)
Depreciation & amortisation	(550,998)	(521,093)
Borrowing costs	(983,228)	(899,604)
Student activities & camps	(630,810)	(428,773)
Teaching resources	(245,874)	(262,144)
Caretaking & cleaning	(198,499)	(150,497)
Professional & legal fees	(151,651)	(93,229)
Other expenses from ordinary activities	(993,418)	(787,204)
Profit from ordinary activities before income tax expense	66,640	403,611
Income tax expense	-	-
Net profit	66,640	403,611

Financial Position

Total current assets	212,470	659,302
Total non-current assets	10,923,591	10,982,250
Total current liabilities	2,492,540	2,219,553
Total non-current liabilities	7,406,635	8,251,754
 Total interest bearing liabilities	 8,632,918	 9,368,647
 Contributed equity	 401	 400
Retained profits	1,236,886	1,170,245

Cash Flows

Net cash inflow from operating activities	788,233	1,091,878
Payments for property plant & equipment	(402,186)	(1,834,805)
Capital grants received	220,434	181,183
Proceeds from borrowings	40,000	2,682,000
Repayment of borrowings	(1,193,160)	(894,192)
Net increase (decrease) in cash held	(546,679)	1,227,847
Cash at end of financial year	(86,427)	460,252

The draft audited financial reports of the school for the year ended 31 December 2002 provided to us at the time of our visits to the school also contain statements highlighting concerns regarding the school's ongoing financial operations. They are contained in Note 1B and are repeated below:

Note 1B - ONGOING OPERATIONS

The following risk factors exist in relation to the company's ongoing operations:

- The company has an excess of current liabilities over current assets of \$2,280,070 (2001: \$1,560,251).
- The company had a net decrease in cash held for the financial year of \$546,679 (2001: net increase of \$1,227,847).
- The company has an overdraft limit of \$200,000 and at 31 December 2002 \$86,427 of the facility had been used.
- The company's total interest bearing liabilities at 31 December 2002 were \$8,632,918 (2001: \$9,368,647).
- At 31 December 2002 the company had breached two covenants in respect of their bank facilities. Student numbers at the August 2002 census date were 1,046 compared to the requirement under the loan covenants of 1,120 students. In addition, interest cover for the year was 1.07 compared to the required cover of 1.75.
- There is continued uncertainty in respect of the role of the former director, J W Burgess in the ongoing activities of the school, and in relation to any effect that this may have on future enrolments.

The company's continued operations are dependent on:

- The continuing support of the company's bankers,
- The continuing support of the bank guarantors in respect of bank loans,
- The ability of the company to generate operating cash inflows sufficient to cover its operating cash outflow, interest costs and required debt repayments,

- *The school's ability to attract new enrolments and maintain existing enrolments.*

The following actions and current events mitigate the risks outlined above:

- *Written confirmation has been obtained from the company's bankers that they will not act on any breaches of debt covenants in relation to the existing debt facilities.*
- *As set out in note 21, a new debt facility was negotiated with the company's bankers to replace existing arrangements from 1 March 2003. The interest cover requirement was removed and the student numbers requirements have been reduced to 1020 students for 2003 and numbers determined by an approved budget thereafter. In addition interest rates have been reduced and the company is allowed to offset cash on deposit against the loans to further reduce interest. This can be significant as the school has large cash reserves early in the year and again in July, when school fees and government grants are paid.*
- *A full time enrolments officer was appointed in 2002. At February 2003 student enrolments were 1,060, compared to 1,040 in the 2003 budget.*
- *The school recorded three OP 1 scores in 2002, which is considered to be a significant factor in attracting and maintaining enrolments.*
- *The company has budgeted a basically break-even net cash flows for the 2003 year. The net cash position at the end of February 2003 was \$2.75M, with \$2.9M held on deposit to reduce interest obligations. This was \$66,000 ahead of the budgeted year to date position.*
- *Four staff members were retrenched at the end of 2002 to manage costs.*
- *No major capital projects are budgeted for 2003.*

3.7.2 Directors' Fees

The Directors are entitled to be paid directors' fees under the Memorandum and Articles of Association. They are each in receipt of payment, which has been set at \$20,000 pa each for the 2003 year. This amount represents a 100% increase over 2002.

3.7.3 Remuneration of [s47(3)(b)] Payments to [s47(3)(b)] family

Members of the school board have arranged for ongoing remuneration payments to [s47(3)(b)] by reclassifying elements of financial entitlements and assigning them to other expenditure categories in the financial accounts other than Headmaster's salary. This has been achieved through rearrangement of various payments, outlined below:

1. \$20,000 as part repayment of an undocumented loan of \$28,000 from [s47(3)(b)] for "pre-opening expenses";
2. \$65,520 as new guarantee payments for loan security provided by the [s47(3)(b)] family.
3. \$65,000 to the employment of [s47(3)(b)] to a newly created, full-time position as Manager-Administration from her former part-time employment in the IT section.
4. \$75,000 as an interest-bearing, unsecured loan for six months to [s47(3)(b)]
5. \$40,000 as accrued salary entitlements of [s47(3)(b)] from earlier years as Headmaster.

In summary, payments totalling \$265,520 have been made, or are intended to be made to the [s47(3)(b)] family in 2003.

A maintained motor vehicle and payment of the [s47(3)(b)] personal mortgage are additional provisions.

3.7.4 Capital development

The school has undertaken capital development in excess of \$10 million since its inception, with only \$400 contributed equity (shareholders' contributions), plus the amounts received in State and Commonwealth capital grants.

3.8 Deregistration of [s47(3)(b)]

[s47(3)(b)]

[s47(3)(b)]

was the subject of an enquiry by the Board of Teacher Registration. The outcome was a decision to remove his teaching registration. As he also did not have the *Commission for Children & Young People Act 2000* 'blue card' required of individuals serving as members of a school's governing body, he relinquished his role on the board and as Headmaster of the school in November 2002. He lodged an appeal against the decision of the BTR. [s47(3)(b)] appeal against the cancellation of his teaching registration was dismissed [s47(3)(b)]

[s47(3)(b)]

3.9 Appointment of staff and employment conditions/contracts

Although documents relating to the above were requested, they were not provided. Therefore, there does not appear to be any written contract for the appointment of [s47(3)(b)] to the position of Headmaster, nor for the other members of the school's senior executive.

The board has engaged in the preparation of contracts for the Co-Principals, at their request, but the process is still not complete more than six months since they took up office.

3.10 Professional fees to directors

The financial records and audited financial reports indicated that at least two directors (Malcolm McComb and Stephen Beebe) derive substantial fees for services provided to the school, additional to their directors' fees. One director (Ross Johnston) is a former partner of the school's audit firm.

The Chairman's firm provides solicitor services to the school and that the fees for service increased from \$22,039 in 2001 to \$59,811 in 2002, returning to \$24,000 in the budget for 2003.

Stephen Beebe provides accounting and financial advisory services to the school. The fees paid for these services amounted to \$63,318 for 2002 and \$62,797 for 2001.

3.11 Strategic/Business Plans

A Strategic Plan for Building Development 2002 – 2014 was provided to the assessors subsequent to their school visits. Although mention is made in the document of a

Financial Strategic Plan and a 10 Year Master Strategic Plan neither of these documents have been supplied to the assessors despite being requested originally in writing.

3.12 Land, Buildings and Facilities

The school site is an attractive one, aesthetically pleasing and spacious. It has shortcomings typical of many new schools with first stage quality buildings and grounds requiring further development. Despite this, the school has the needed space to match its aspirations. The existing permanent buildings are in acceptable condition and seem adequate in size.

The overall growth of the school has been rapid, despite the directors' belief that fee levels are on the high side in comparison with other independent schools in the area. This fact would indicate a high level of community acceptance of the school because enrolments have matched projected expectations, until the current year. A negative consequence of the rapid growth has been difficulty in providing buildings within the time frames envisaged in the original feasibility study, and as announced to the school community on several occasions.

A significant concern is the presence on site of 11 transportable classrooms, some of which have been used for senior classes and for Drama. It is generally held in developing schools that such buildings should be for short-term use only, and in limited numbers. The current financial state of the school suggests that they will be in place for several years hence although the rental charges are in the vicinity of \$120,000 per annum. Director, Stephen Beebe, is of the view that an annual saving of this amount would not be sufficient to finance permanent replacement buildings.

The school has made a significant commitment to information technology and is well provided with computers for student and staff use.

According to the School Librarian, the Secondary School collection at May 2003 was as follows:

Teacher Reference	1,139
Reference	229
Non Fiction	1,294
Fiction	1,059
Senior Fiction	141
TOTALS	3,862
Audio Visual	187
Videos	224
TOTALS	411

In total, then, there are 4,273 resources of all types, but not including computer based ICT databases or www access resources

Information extracted from the school's financial reports show the following:

Teaching Resources	2001	2002	2003
Budget	257,000	245,500	214,000
Actual	262,144	245,874	68,633 (to June)

4. CRITERIA FOR ACCREDITATION

The pertinent statutory clauses for the assessment of a school's accreditation status are *Section 9 of the Education (Accreditation of Non-State Schools) Act 2001* and *Divisions 1-5 of the Education (Accreditation of Non-State Schools) Regulation 2001*.

Section 15 also is relevant, declaring that, for the *Commission for Children and Young People Act 2000*, part 6, a person is taken to be a person carrying on a regulated business under the Act by being a director of the governing body of an accredited school. This requirement means that each director must hold a criminal clearance (a current 'blue card') to continue to serve as a Director.

Section 11 of the Act requires that the governing body of an accredited school must be a corporation.

The criteria identified for investigation were the following:

- (a) the school's financial viability
- (b) the school's educational program and student welfare processes
- (c) the school's resources
- (d) the school's improvement processes

Each criterion will be addressed in this report.

5. SCHOOL'S FINANCIAL VIABILITY (Division 2: section 5 Regulation)

Section 5 of the Regulation provides that:-

"A school must have access to adequate financial resources for its viable operation".

5.1 Recurrent Operations:

In 2001 the school made a surplus on recurrent operations of \$403,611 after depreciation of \$521,093. This was a useful surplus that, with outcomes from other financial periods, allowed a significant level of retained profits to be built up. Although an addition to buildings had been announced and communicated to the school community for 2001, it did not commence.

In 2002 the school experienced significant financial problems and recorded a surplus of \$66,640 after depreciation of \$550,988. This was caused by a lower enrolment than budgeted, over budget expenditure on operating costs of approximately \$270,000 including unbudgeted redundancy payments of nearly \$100,000, and over budget legal costs of \$41,168 including the fees associated with the advice to the school on the John Burgess case. Principal repayments of approximately \$1.2 million were made on school loans, seemingly as a requirement of the CBA. The result was a very tight cash flow situation by the end of 2002. In fact cash resources fell by \$546,679 over the financial year to an overdraft of \$86,427 at year-end. Buildings supposedly to commence in 2002 were deferred, according to the Directors, until as late as 2006 at the earliest.

In 2003 the school has budgeted for a recurrent surplus of \$608,115 after depreciation of \$597,149. The surplus has been achieved by cutting several areas of expenditure, notably classroom and other resources to support the educational program, and the employment of first year, or relatively inexperienced young teachers is planned to attain the intended outcome. These decisions have led to some agitation among teachers as reported by them in interview. Over the three-year period, 2001-2003, budgeted and actual expenditure for educational resources has decreased annually despite increased enrolments. The end product is lower expenditure per student on these resources.

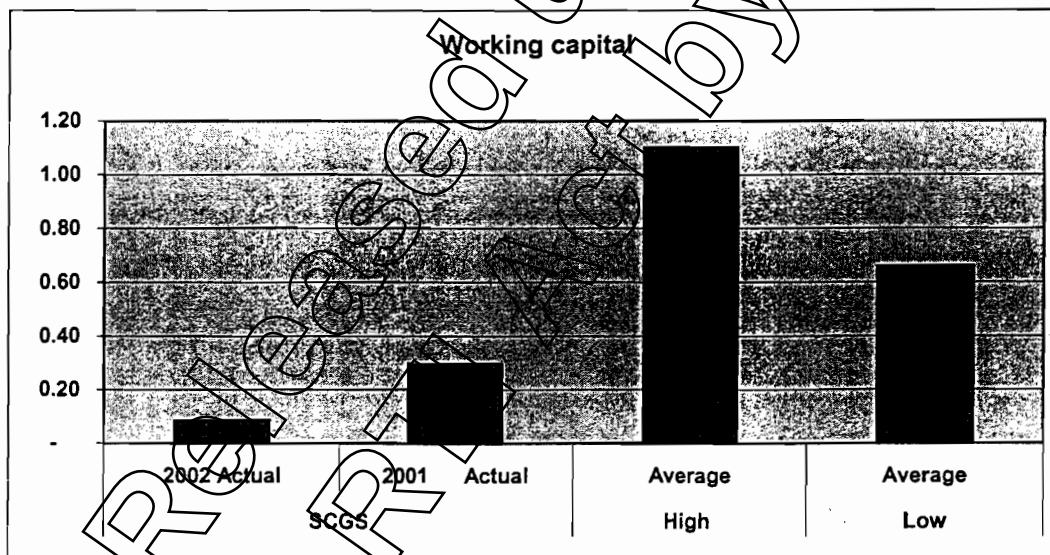
The school's financial viability in 2003 has been eroded by particular intended costs which include \$80,000 for Directors' fees (a 100% increase over 2002 payments), \$22,000 plus fees remissions to support loan guarantees provided by various people, \$65,000 annual lease fee over vacant and unused adjoining land, and the payments and loans to s47(3) and s47(3)(b) amounting to \$265,520 enumerated later.

5.2 Financial Position

The current debt per student is in excess of \$8,000, which is not unreasonable for a school in its current stage of development.

The position of the school against a number of key industry benchmarks clearly indicates the position.

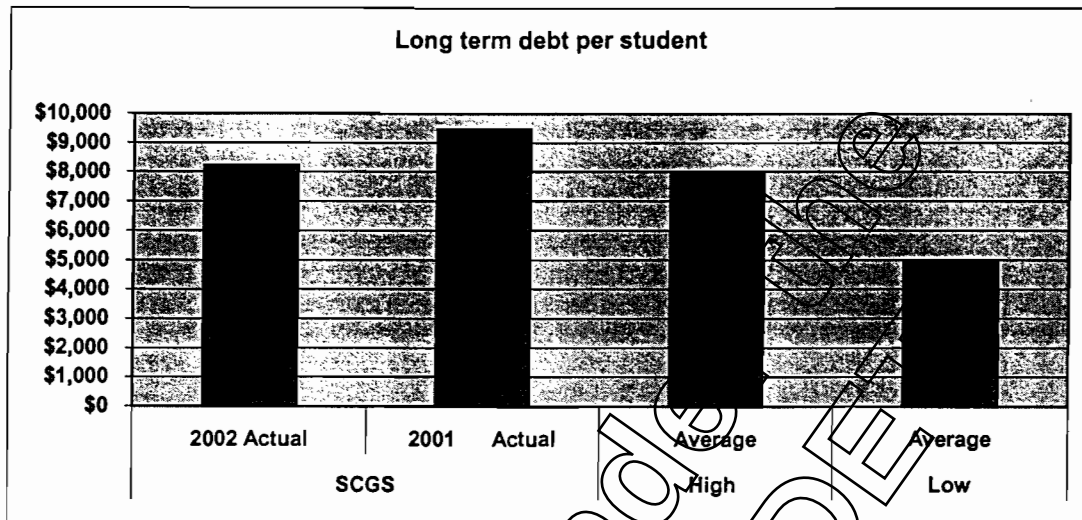
Current ratio



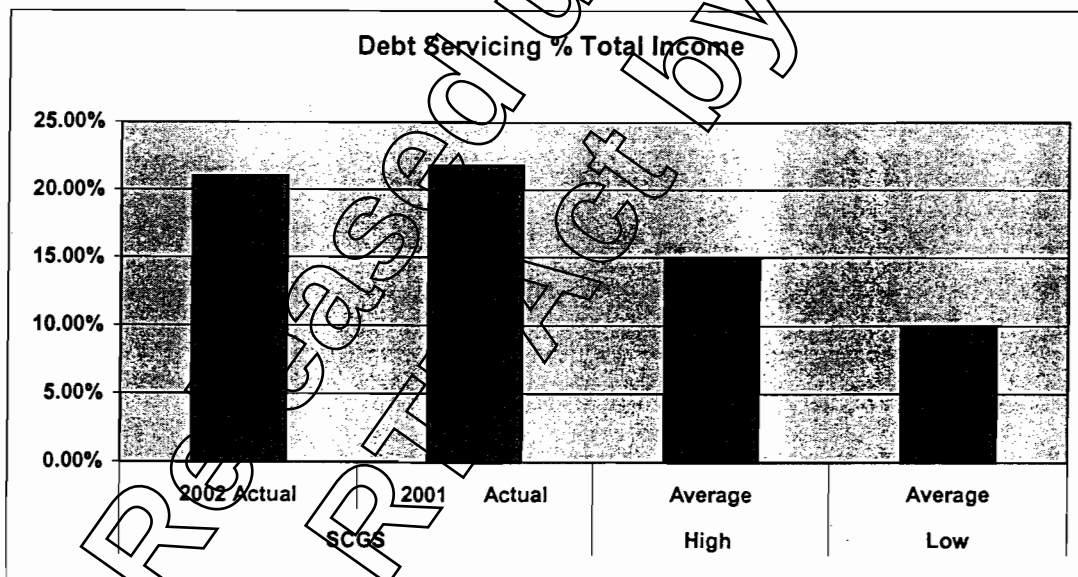
The importance of this ratio is that it shows the capacity of a school to pay its debts as and when they fall due. The ratio compares the level of current assets available to meet current liabilities. A ratio of 1 is regarded as sound. The operational activities for independent schools are very much contained within discrete annual periods. As such, there is an expectation that at the end of each financial year there will be sufficient current assets (cash, receivables, inventory and short term investments) available to meet the existing current liabilities, in particular, payables, provisions and other current liabilities (fees in advance).

As can be seen from the graph above there is a substantial shortfall in the amount of current assets available. This means that future cash flows will have to be allocated to cover the previous year's debts. The future cash flow could come from future operating surpluses or additional borrowings. However, the school has not prepared longer-term financial models that show how these funding issues will be handled.

Debt per Student



Debt Service Requirements to Total Income



These two graphs analyse the current long-term debt position of the school. At 31 December 2002, the debt per student amounted to \$8,222 having reduced from \$9,463 at 31 December 2001. In our opinion this level of debt compares favourably with schools at a similar stage of development and is not cause for undue concern.

The next graph shows that debt-servicing requirements consume approximately 21% of total revenue. This is 6% to 11% (\$600,000 to \$1,000,000 in cash flow terms) over the benchmarks used by the Block Grant Authority as indicators of sound school management. This is a cause for major concern given the school's current stage of development.

5.3 Directors' Fees

The payment of directors' fees for school board membership is most uncommon. Comments made during interviews and in correspondence received indicate that these payments are perceived by many in the school community as an outflow of funds that could be spent on school needs. The Chairman of the board and other directors have contended that these payments are justified by virtue of the workload of the board members, which they claim to be excessive in comparison with other schools.

The board members are under pressure due to the circumstances of 2002 which led to the loss of the Head of School, public disquiet and intense media pressure, significant cash flow difficulties resulting from a lack of support by the CBA, the schools primary financier, and its insistence on large loan repayments. Because there are only four Directors, each is required to carry a heavy workload at this time in the interests of performing their duties.

5.4 Remuneration of s47(3)(b)

The issue of remuneration for s47(3)(b) is a significant one in SCGS. It would appear that remuneration is still being directed to s47(3)(b) even though he has been stood down from his position.

There does not appear to be any written contract for the appointment of s47(3)(b) to the position of Headmaster. In the absence of a contract of employment for him, it is difficult to confirm his actual entitlements, although the board members appear to have proceeded on the assumption that such details are known to them.

In summary, payments totalling \$265,520 have been made, or are intended to be made to the s47(3)(b) family in 2003

With respect to the payments to the s47(3)(b) family we make the following comments:

1. In the absence of a written contract of employment we were unable to verify the veracity of any payment to s47(3)(b) certified as being unclaimed remuneration from 2002 or prior years. Also the payment of amounts to s47(3)(b) relating to unpaid salary entitlements from previous years is difficult to confirm in the absence of a written contract of employment and the lack of any record of accrued salary entitlements of s47(3)(b) in the school's financial reports.
2. The decision was made in 2003 to pay loan guarantee fees to s47(3)(b)
3. s47(3)(b) was promoted in 2003 from a part-time position in the school's information technology section to the full-time position of Manager—Administration.
4. s47(3)(b) has been provided with an unsecured loan. Members of the board advise that this loan was made on the basis that it represents an advance payment against the estimated redundancy payout for s47(3)(b) should his appeal against the Board of Teacher Education decision be unsuccessful.

5.5 Strategic Planning for Capital Development:

The school has undertaken capital development in excess of \$10 million since its inception, with only \$400 contributed equity (i.e. shareholders' contributions), plus the amounts received in State and Commonwealth capital grants. The current debt per student is in excess of \$8,000, which is not unreasonable for a school in its current stage of development, but in association with high debt servicing arrangements, has led to an inability to proceed with advertised and promised capital developments in the immediate future.

The school is highly dependent for its continuing viability upon maintaining or improving current enrolment levels next year. The experiences of the second half of 2002 coupled with the current uncertainty surrounding the status of s47(3)(b) leads to uncertainty about the school's capacity to continue to attract clients without further capital commitments and a resolution acceptable to the school community of the s47(3)(b) case.

A Strategic Plan for Building Development 2002 – 2014 was provided to the assessors subsequent to their school visits. Although mention is made in the document of a Financial Strategic Plan and a 10 Year Master Strategic Plan neither of these documents have been supplied to the assessors despite being requested originally in writing. With these deficiencies, the Strategic Plan for Building Development 2002 – 2014 is only part of an incomplete set of planning documents.

The current situation for the school is that its capacity to meet legitimate expenses, plus other intended outlays, is perilous, without causing serious erosion to the educational program and the building program of the school. In addition, without significant restructuring of long-term borrowings and evidence of sustained and increased enrolment trends, the school's long-term financial and educational outlook is uncertain.

In our opinion, at the present time, the school does not have access to adequate financial resources for its viable operation and therefore does not comply with the accreditation criterion. The school needs to prepare longer-term business plans with associated financial models that show the strategies to be employed to ensure the school's financial future.

6. SCHOOL'S EDUCATIONAL PROGRAM AND STUDENT WELFARE PROCESSES

6.1 Statement of Philosophy and Aims (Division 3: Section 6 Regulation)

Section 6(1) of the Regulation states that a school must have a written statement of philosophy and aims adopted by its governing body that is used as –

- (a) The basis for the school's educational program; and
- (b) A guide for the school's educational and organisational practices.

The Memorandum and Articles of Association contain a statement of philosophy and aims of the corporation and, thereby, of the school. The statement appears broadly consistent with the Adelaide Declaration on National Goals for Schooling in the Twenty-first Century. The statement of philosophy and aims is not widely published in documents in complete form, but there has been a trend among teachers to include a statement consistent with it in the Introduction to each Work Program produced for the QSA. Recently, also, a Vision Statement has been prepared for the school and it appears in several locations on the campus. Teachers interviewed seemed committed to the Vision statement and prepared to endeavour to fulfil its requirements.

The Statement of Philosophy and Aims in conjunction with the new Vision Statement are appropriate and adequate documents and satisfy the accreditation criterion.

6.2 Educational Program

(Division 3: section (7) Regulation)

Section 7 of the Regulation provides, inter alia, that the school must have a written educational program that has regard to the ages, abilities, aptitudes and development of the school's students and the program must enable the students to at least achieve "*Queensland standards of learning or standards of learning comparable to Queensland standards of learning*".

The school produced its first set of Year 12 graduates in 2002. The OP results were commendable and the teachers and Board members were very proud of the results. Examination of the curriculum documents revealed a high level of compliance with QSA requirements. All work programs have QSA accreditation. Examination of student portfolios showed appropriate levels of intellectual demand on students and achievement by them. There are facilities designed to provide vocational education and training courses and they are being used for these purposes. Several students have been successfully placed in school-based traineeships.

The school staffing structure provides for pastoral care through class teacher roles, a House system and a Student Services section. All of these provisions were observed to be in existence and functioning effectively. Interviews with teachers and Heads of House revealed them to be caring professionals with a shared commitment to the welfare of children in their care. The Student Services provisions were commendable in such a young school, with both remediation and extension programs, including detailed individual learning profiles for each student in the programs. The layout of the School campus facilitates wheelchair access.

All students are required to have the approved Student Diary. Here are listed many of the routine rules, regulations, and policies of the school. A Teachers' Handbook is supplied to all teachers and contains similar but more extensive detail.

It was concluded that the educational program of the school was most satisfactory. The school's educational program provided to students is sound and is being managed by competent, committed teachers. In our opinion, the school is complying with the accreditation criterion.

6.3 Health, safety and conduct of staff and students
(Section 10 Regulation)

6.3.1 Workplace Health and Safety

Section 10(1) of the Regulation provides that a school must have written processes about the health and safety of its staff and students that accord with relevant workplace health and safety legislation.

There is a Health and Safety Committee that meets regularly. There is a Workplace Health and Safety Officer. Written documentation, policy statements, and compliance logs, especially those pertinent to Australian Standards, were not readily available at time of inspection. However, a CD containing the following policies was subsequently provided:-

- Behaviour management;
- EBA (staff conflict of interest, anti-bullying, sexual harassment);
- Emergency management;
- Excursions;
- First aid;
- Outside school hours care;
- Security;
- Staff handbook; and
- Student welfare.

We are satisfied that the policies accord with the relevant workplace health and safety legislation and therefore comply with the accreditation criterion.

6.3.2 Care and Protection of Children:

Sections 10(2) to (8) require that the school have in place a policy and procedures for the care and protection of children from harm. In addition, the processes must be readily accessible by the staff and students and provide for how the staff and students are to be made aware of the processes.

The school does have a Child Protection Policy, the scope of which conforms with the Act, with the exception that it is limited to incidents between teachers and students. This limitation appears to constrict the scope of definition of 'harm' as specified in section 3 of the Regulations.

A second shortcoming is the fact that the policy has not been widely disseminated within the school or to parents. Teachers and those in administration claim not to have ever seen the policy document and so were not aware of its contents or the procedures to be followed in the event of suspected or actual harm to students. Staff members appear not to have been provided with in-service education about the policy.

It is a requirement of the Act that the policy statement be readily accessible to staff and students and that written processes provide for how staff and students are to be made aware of the processes to be followed when abiding by the policy.

In our opinion there are inadequacies with the scope of the school's Child Protection Policy.

We consider the school is not complying with the criteria relating to the health, safety and conduct of staff and students.

7. SCHOOL'S RESOURCES

(Division 4 Regulation)

7.1 Staffing

(Section 11 Regulation)

Section 11 of the Regulation provides that a school must have a sufficient number, and appropriate types, of staff necessary for the effective delivery of the school's educational program.

Teachers are appropriately qualified for the duties being undertaken and the requirements of the Board of Teacher Registration appear to be met with respect to current registration. The number of teachers is appropriate to the educational program but the role of the teacher-librarian in the secondary school is severely curtailed by requiring the person to carry a large teaching load of four classes (more than one-half of a full teaching load). The result is that strategic planning and effective management duties in the library are restricted due to a lack of time. There is a need to address this matter in the short term to ensure an effective library and information services provision to teachers and to students. As reported by the Head of English, a significant academic department in the school,

'the impacts upon the delivery of the senior curriculum areas of English and the Humanities areas are severe and adverse. Teachers within these areas have managed admirably to supplement their teaching with the purchase of their own resources or by going to extraordinary lengths to borrow resources from colleagues elsewhere. Despite these best efforts, access of students to a wide range of resources and an appropriately resourced library has not occurred.'

There is a shortage of teachers' aides and administrative support staff in the school in comparison with benchmarks for non-government schools employed by the Block Grant Authority. In the Junior School, for example, the percentage of teacher aides for the number of classes is less than 16% compared to the expected range in similar schools of 30-35%. In the secondary school, teacher support staff members are in extremely short supply. As a result, teachers in both the secondary and primary sections of the school are carrying heavy workloads. The same is true for some administration staff members. The Student Receptionist, for example, carries additional responsibility for managing first aid, caring for students who are sick, contacting parents, maintaining attendance records, ordering stationery and stores, and booking buses, all in addition to her duties at the Student Service Desk: a busy job in its own right. She indicated that she does not get any assistance, even when she needs to go to the toilet. On such occasions the student reception area is unmanned. Other staff members carry similar heavy workloads.

The school is fortunate to have committed staff willing to make such sacrifices, but there is a need to ensure that the health and wellbeing of staff members is foremost in staffing policy decisions.

While the school has sufficient, adequately qualified teaching staff, there is a lack of teacher aides and administrative support. Therefore, in our opinion, the school is not complying with this criterion.

7.2 Land and Buildings (Section 12 Regulation)

Section 12 of the Regulation provides that a school must comply with relevant land use, building, and workplace health and safety, legislation in relation to the location of the school and its buildings.

We believe the school has complied with the relevant land use, building, and workplace health and safety legislation in relation to the location of the school and its buildings.

However, according to the Chairman, the local Council has a requirement that the school have an external exit to the site in the case of emergencies. This cannot be achieved without acquiring additional land. A lease was taken over adjoining land, along with an option to buy. The lease payment of \$65,000 per annum seems extremely high for undeveloped land. A recent valuation has confirmed that the land has a value in excess of the option purchase price. Acquiring the land would thereby provide additional equity to the school, with some possibility of the bank releasing one or more of guarantees, or allowing the Board to renegotiate the terms of current loans to yield a lower rate of interest. It is not established at this time that the bank will be prepared to extend further loan funds or, if so, under what conditions.

In the near future, the Board may need to borrow a further \$500,000 approximately for land costs, with considerable additional road development costs, to create an external exit to the site.

There is a related problem in that the Council cannot be assumed to permit exit from the school site in the area proposed because of likely impediments on the quiet enjoyment of existing residents in the street where the traffic discharge would occur.

Therefore, although the school is currently making arrangements for the second access for emergencies, this access is not in place at this point in time, and given the possibility of objections it is not possible to make a decision on this criterion at this stage.

7.3 Educational facilities and materials (Section 13 Regulation)

Section 13 of the Regulation provides that a school must have the educational facilities and materials necessary for the effective delivery of the school's educational program.

The school has made a significant commitment to information technology and is well provided with computers for student and staff use. The annual financial lease commitments are considerable to sustain this provision.

There is serious neglect of the other main information source, library resources, especially in the secondary school. The location used for the secondary library is a large classroom, half of which is used for computer access. In place of a custom built facility, the provision is quite inadequate; a situation that may be tolerated in a developing school for

a short time to accommodate master plans. The prevailing situation at the school appears more long-term, with any change, according to the Directors, unlikely before 2006.

The Secondary School collection at May 2003 (as noted above) included 4,273 resources of all types, not including computer based ICT databases or www access resources.

Standards recommended by the Australian Librarians Association for a foundation collection for a school with 461 secondary students, is a total of 10,454 resources. The school has less than 41% of the recommended minimum holdings without considering the age of the school's holdings. The recommended foundation collection is for an up-to-date collection with an average age of resources of less than 10 years.

The size of the book and periodical collection is inadequate for a school offering Year 12 courses and there is no evidence of a serious financial intention to rectify this situation. Even for a relatively new school it is obvious that there has not been a commitment to the provision of adequate library or other research resources. Teachers report that they have attempted to compensate for this shortcoming by providing their own resources, or borrowing them from other schools, in order to ensure that their students are not short-changed by an inability to access needed resources.

Budgeted and actual spending on educational resources has fallen in each of the past three years (with the 2003 being budget figures only at this time) whilst enrolments have been increasing annually in that period. However, the board, on request of the co-principals, recently provided an additional \$43,000 for needed resources.

Teachers in the Junior School reported that they had exhausted the year's allocation of coloured paper for student use by the end of term 1 and that there is a serious lack of literacy and numeracy resources for the classes. An interviewed stated that they were purchasing resources from their own incomes.

It is a standard budgeting principle that a school should match its enrolment growth with equivalent levels of spending on educational resources. At SCGS, however, departmental budgets have been reduced in 2003 with some departments struggling to provide even minimal levels of student resource needs. Music and Art are cases in point, among others, where budget allocations are so minimal as to call into question the capacity of teachers to continue to provide a meaningful program of studies. For example, the Art Department budget declined from \$26,000 in 2001 to \$19,000 in 2003 despite an increase in student numbers. The budget allocation for the Junior School decreased from \$104,000 in 2002 to \$62,000 in 2003, \$10,000 of which was earmarked for payment to the Head of Support Services. The net result was \$52,000 for the needs of 512 students and 35 staff.

There has been an erosion of school resource spending in past years, other than in information technology resources where the school is well provided. The consequence of underspending is that the stock of resources in several areas, particularly in the secondary school, is below minimum acceptable levels. These circumstances can be tolerated only in the very short term before significant consequences result for the school's educational program.

In our opinion, the school does not have sufficient educational facilities and materials (library facilities and resources) necessary for the effective delivery of the educational program and does not meet the criteria.

8. SCHOOL'S IMPROVEMENT PROCESSES (Division 5 Regulation)

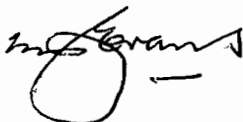
Section 14 of the Regulation requires schools to have systematic procedures to ensure that strategies and outcomes are monitored in order that goals might be achieved. Commonly in schools these improvement processes are contained within Strategic Plans, Business Plans, and Annual Reports. Strategic Plans may cover a spread of years, with five and ten year models being the most common. Business Plans may relate to the same period as the Strategic Plans but there should be an annual Business Plan supporting the budget for the current year. Annual Reports exist to provide stakeholders with details of how well the school met the intentions of the Plans. All of these documents should be written and, variously, should be available to selected stakeholder groups within the school community. The common object in schools is to achieve a degree of 'transparency' about school plans, intentions, and the strategic decision-making that occurs.

This understanding of planning and communication is largely missing in the operations of Sunshine Coast Grammar School. No evidence was provided of any explicit planning documents or written rationale for patterns of operations during school visits, despite being requested in the original letter sent to the school Board and reiterated during visits of the assessors. Subsequently a Master Plan document was provided as outlined above in the section entitled, '*Strategic Planning for Capital Development*'.

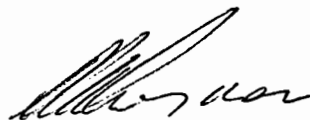
Members of the School Board appear well intentioned, but their efforts to communicate the reasons for decisions to the school community and to those charged with the responsibility of carrying them out have not proven successful.

It is not the practice of the Board to publish Annual Reports for the school community. There is a School Magazine, but this is not a report on progress towards key performance indicators. The school holds an obligation under the Accreditation Regulations to provide annual reporting to the school community about the achievement of improvement strategies. To some degree this is addressed in Speech Day reports but there appears no attempt to provide consistent sets of identifiable indicators of school performance over time.

We conclude that the school is not currently conforming to the requirements of the accreditation criterion regarding school improvement processes.



Dr Murray Evans



Mr Donald Langdon



Fax Message

TO Mr M D McColm		Company/Section: Sunshine Coast Grammar School Pty Ltd (C/- McColm Matsinger Lawyers)	Fax No.: (07) 5443 7053
FROM Name: Professor Roy Webb		Date: 2 September 2003	
Job Title: Chairperson		Phone No.: (07) 3237 9947	
Branch/Unit: Non-State Schools Accreditation Board		Fax No.: (07) 3237 0004	
SUBJECT: Compliance Notice			Pages (including this): 27

Letter and Compliance Notice following. Originals to follow by post.

Released under the
RTI Act by DET



Fax Message

TO Mr M D McColm		Company/Section: Sunshine Coast Grammar School Pty Ltd (C/- McColm Matsinger Lawyers)	Fax No.: (07) 5443 7053
FROM Name: Professor Roy Webb		Date: 2 September 2003	
Job Title: Chairperson		Phone No.: (07) 3237 9947	
Branch/Unit: Non-State Schools Accreditation Board		Fax No.: (07) 3237 0004	
SUBJECT: Show Cause Notice			Pages (including this): 35

Letter and Show Cause Notice following. Originals to follow by post.

Released under the
RTI Act by DET

PARSONS, Patrick

From: VOGLER, Laurie
Sent: Monday, 1 September 2003 5:33 PM
To: PARSONS, Patrick
Subject: Contact for SCGS governing body chair

Pat

I talked to Malcolm McColm this afternoon. He is very appreciative that we will fax the Board's correspondence directly to his office. He knows to expect it in the next day or so. The fax number is 5443 7053. The postal address is: PO Box 737, Maroochydore Q 4558.

LV

Released under the
RTI Act by DET

Education Qld Office of Non State Education
Tax Invoice Number: 10111
Our Ref: 2456

FEE SCHEDULE

Professional services for the period ended 22 August 2003.

Further work on the report on the Sunshine Coast Grammar School
including liaison with Crown Law

\$13,370.00

Sub Total \$13,370.00

GST \$1,337.00

Fee Total \$14,707.00

Ex GST

29 300

(2930)

(13 000)

13 370

GST

2930

(2930)

(1300)

1337 ✓

Total

32 230

(3223)

(14300)

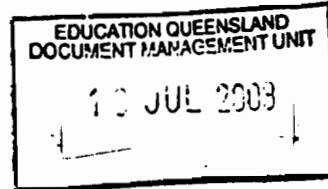
14 707 ✓

inc. GST

Reduction
Previous
Payment

TAX INVOICE

Account for Professional services, charges and disbursements



30th June 2003
DWL / 504474
EDUQLD1 / C05

Education Qld Office of Non State Education
PO Box 33
ALBERT STREET QLD 4002

ADN 91 192 068 422
Brisbane
Level 16
Hall Chadwick Centre
120 Edward Street
Brisbane 4000
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Telephone: (07) 3233 355
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Professional services for the period ended 22 June 2003.

Services in connection with the review of the Sunshine Coast Grammar School Pty Ltd.

Approval Certification		Incomplete Information will result in the invoice being returned.	
I certify that:			
- The relevant prior approval is filed in this unit and is available for audit. - The goods/services/works claimed herein were received/performed. - Funds are available to meet the expenses. - Where an expense may incur Fringe Benefit Tax, an Entertainment Expenses Declaration form has been completed. - This is a Tax Invoice as stipulated by the ATO requirements. Yes/No			
Signature:	<i>Alan Smith</i>	Print Name:	ALAN SMITH
Designation:	FINANCE OFFICER	Date:	11/7/03
Approving Officer:	L. VOGLER	Date:	11/7/03
File Reference Number:			
Asset Number (if applicable):			
G/L Account:	520100	Cost Centre:	5202 00006
Tax Code:	A1	(Please refer to GST matrix for codes)	
Message:			

Tax included in the total \$1300.00
TOTAL PAYABLE including GST \$14300.00

This amount is payable within 30 days of the date above. For any queries on this account please contact Reg Monteiro on 07 32333405

RECEIVED
10 JUL 2003

BY: _____

Please tear along perforated line

REMITTANCE ADVICE

Please forward your cheque with this Remittance Advice

30th June 2003
DWL / 504474
EDUQLD1 / C05

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AGN International

Associations of
Independent Firms

TOTAL PAYABLE including GST \$14300.00

PARSONS, Patrick

From: MACQUEEN, Suzanne
Sent: Wednesday, 20 August 2003 8:23 AM
To: PARSONS, Patrick
Subject: FW: Comments on the report .PLEASE GIVE A COPY OF THIS TO ROY FOR ME.

Pat
 Tricia E's response.
 S

Sue Macqueen
 Senior Project Officer
 Office of Non-State Education
 Tel 07 3237 0105
 Fax 07 3237 0004

-----Original Message-----

From: Alan Evans [mailto:pevans3@bigpond.net.au]
Sent: Tuesday, 19 August 2003 10:14
To: MACQUEEN, Suzanne
Subject: Comments on the report .PLEASE GIVE A COPY OF THIS TO ROY FOR ME

Hi Sue - for Roy please.

Dear Roy

I have been through the report - and the information paper.

I congratulate the assessors on their report and appreciated the clarity and succinctness of the information paper.

It would seem to me that the Board would have to issue either a compliance notice or a show cause and it would seem appropriate to do the former as a first step. - ie I would be in favour of issuing a compliance notice at this stage but as I will not be on hand to hear the discussion, I am happy to go with what the members feel is the appropriate action.

I am sure the school can address and rectify some of the simpler inadequacies in order to comply with the accreditation criteria.

However - the financial viability issue is a serious one as is the one with regard to the suitability of the governing body. I am not sure what the answers are, but the report certainly raises some questions. It would seem that it is permissible for the Directors to receive payment under the corporation's Memoranda and Articles, although most schools' board members are unpaid.

There surely have to be some issues related to conflict of interests in some cases - esp Stephen Beebe - if his firm is connected to the audit process?? and also Malcolm Mc Comb - were the legal fees paid - out of government funding and/or fees to the school???? - if so - there is again a sense of unacceptable & inappropriate financial management.

As the school board has a fiduciary responsibility for the financial management of the school, this, together with the inadequacy of planning and monitoring of the school's operations, does raise issues

about their suitability to continue as directors. Added to this - it would seem that the way the company memoranda and articles are constituted would appear to make them pawns without power for the owners.

If, as appears to be the case, there has been a growth in enrolments, hence income, together with Commonwealth and State funding - surely the manner in which this is expended has to be directed to operations and not payments to the [s47(3)(b)] family.

What happens with regards to the fact that the [s47(3)(b)] own the school and are the ones who appoint the Board etc????

What sort of pay-out will they be looking to give [s47(3)(b)] - considering the fact that the school is in a "perilous" financial situation?? And is that our business anyway??? - or is it ok to see it as part of the reason for the school's ability or otherwise to meet its financial obligations in order to maintain future viability?

If the school cannot provide adequate resources for their educational programmes and also not begin on the provision of appropriate and adequate facilities until at least 2006 - what does that also mean with regards to the school's future viability??

Do we need to get more legal advice re what the long-term situation for the school might be, if the [s47(3)(b)] family refuse to divest themselves of the company?? What options would the school/Board have to set up a different corporation????

Is there other information we need, to be in a situation to assist the school and the Board, in an optimal manner, in dealing with this very sensitive and possibly destructive situation ?

I am really sorry I will not be at the meeting - but the change to Wednesday made it impossible for me.

Warm regards

Tricia (E)

-----Original Message-----

From: MACQUEEN, Suzanne

Date: Tuesday, 19 August 2003 9:06:53 AM

To: Bill Lane; Joe McCorley; John Roulston; Roy Webb; Tricia Evans; Tricia Reust

Subject: NSSAB extraordinary meeting - 20 August 2003 - Assessors' Report

Dear Board Members

The assessors' report on Sunshine Coast Grammar School has now been signed.

Following is a copy of the report (22 pages) for consideration at tomorrow's board meeting on Floor

21 in Education House.
Cheers
Sue

Sue Macqueen
Senior Project Officer
Office of Non-State Education
Tel 07 3237 0105
Fax 07 3237 0004

 *Incredimail* - Email has finally evolved - [Click Here](#)

Released under the
RTI Act by DET



INFORMATION PAPER

Meeting date: 20 August 2003
From: Director, Office of Non-State Schooling
Date of issue: 19 August 2003
Subject: Assessors' report on Sunshine Coast Grammar School

PURPOSE

1. The purpose of this paper is to inform the Board in connection with the assessors' report on whether the Sunshine Coast Grammar School is complying with the accreditation criteria.

BACKGROUND

1. Following information received by the Board, on 2 May 2003 the Board resolved:
 - (i) to appoint assessors (Mr Don Langdon and Dr Murray Evans) to prepare a report on the school's compliance with the accreditation criteria; and
 - (ii) to commence an investigation into the suitability of the school's governing body.
2. The school's governing body was informed immediately of this decision by letter.
3. The assessors visited the school on 16, 21 and 27 May 2003 for the purposes of conducting the assessment of whether the school is complying with the accreditation criteria.
4. In preparation of their report, the assessors have been advised by the Crown Solicitor on procedural fairness matters.
5. The assessors' report is now finalised and in a form suitable for submission to the Board.
6. Upon consideration of the report on whether the school is complying with the accreditation criteria, the Board has a number of options, viz.:
 - (i) undertake further investigations;
 - (ii) give notice to the governing body that it intends to take no further action;
 - (iii) issue a compliance notice to the governing body; or
 - (iv) issue a show cause notice to the governing body proposing to cancel the school's accreditation.

Attachment(s): Assessors' report on Sunshine Coast Grammar School

NB: Hand-written paragraph numbering
added by the Board for convenience

18 August 2003

Emeritus Professor Roy Webb AO
Chairperson
Non-State Schools Accreditation Board
PO Box 347
Brisbane Albert Street BC Q 4002

Dear Professor Webb

During the course of our assessment as to whether the Sunshine Coast Grammar School is complying with the accreditation criteria under the *Education (Accreditation of Non-State Schools) Act 2001*, further information that is not specific in our opinion to the accreditation criteria outlined in the Regulations, has come to our attention. This information is set out below for the information of the Accreditation Board.

The further issues are as follows:

1. **Corporate Structure & Financial Viability**
 - 1.1 The original vision and the subsequent directions taken by the school emanate from its founder and owner, [s47(3)(b)]. Until he stood down, he was the only educational specialist on the school's board and these skills have not been replaced. Under the current corporate structure while the ongoing control of the school rests with the Board of Directors of the governing body, [s47(3)(b)] (as owner holds ultimate control in that he is able to determine the composition of the board. This creates a dilemma for the current board members, as they must maintain contact with [s47(3)(b)] regarding educational and ownership matters despite declaring their independence from him. This helps to foster the impression that [s47(3)(b)] continues to be a significant influence in the governance of the school in his absence.
 - 1.2 However, from interviews we have identified that there is a general perception held, rightly or wrongly, amongst the staff and others that [s47(3)(b)] is still wielding control and effectively managing the school.
 - 1.3 Under the existing structure it is almost impossible to refute this perception. If the structure is not addressed this perception has the potential to cause significant damage to the school. For example, as mentioned in our report on the accreditation criteria, at the close of the 2002 school year, student enrolments had decreased by 166, additional to the Year 12 exiting class.
 - 1.4 When surveyed by the school's enrolments officer, parents of many of the 166 indicated 'dissatisfaction with the Headmaster' as the reason for cancelling their enrolments. While it is a tribute to the school that it commenced the 2003 school year with 1,040 students, this enrolment level is 210 students below the expectations of the original feasibility

study. The enrolment for 2003 appears to indicate that the public image of the school has not, as yet, been irreversibly compromised by the events of 2002, however, there are serious concerns regarding the school's ability to maintain or improve these enrolment levels if [s47(3)(b)] remains associated with the school in any capacity.

1.5 Other matters emanating from the existing corporate structure that reflect on the school's financial viability are the following

1. The payments totalling \$265,520 which have been made, or are intended to be made to the [s47(3)(b)] family in 2003; and
2. The payment of directors' fees for school board membership.

1.6 On the matter of the payments to the [s47(3)(b)] family, within the school community it is believed that the [s47(3)(b)] family is being paid a considerable sum and that this is both unconscionable and financially hurtful to the school in its present difficult circumstances. These payments, have contributed to a climate of distrust in which the Board and the owners currently are perceived to operate.

1.7 Also, as mentioned in our report, [s47(3)(b)] has been provided with an unsecured loan. Members of the board advise that this loan was made on the basis that it represents an advance payment against the estimated redundancy payout for [s47(3)(b)] should his appeal against the Board of Teacher Education decision be unsuccessful. There does not appear to be any conscionable justification for this loan especially as it is made to [s47(3)(b)] rather than [s47(3)(b)].

1.8 We also mention in our report on the accreditation criteria that the payment of directors' fees for school board membership is most uncommon. Comments made during interviews and in correspondence received by us indicate that these payments are perceived by many in the school community as an outflow of funds that could be spent on school needs.

2. Lack of Effective Working Relationship Between the Board and the School Executive

2.1 Since the foundation of the school, [s47(3)(b)] has been the [s47(3)(b)]. The relationship between him and the board has been extremely close and he has provided the vision for the school. [s47(3)(b)] maintained these positions throughout 2002 whilst his case was being heard, being forced to relinquish all but the ownership in November 2002.

2.2 The departure of [s47(3)(b)] created a management vacuum, especially in educational expertise, which still persists and has not been adequately addressed. Steps were taken to establish a new executive at school level. The school community was advised at a public meeting in November that the three existing co-principals would lead the school for the balance of 2002 and in 2003. In December, after the school year was complete, [s47(3)(b)] [s47(3)(b)] was made redundant. This was announced as a restructure necessary for financial and budgetary reasons. [s47(3)(b)] in interview, believes it was because he refused to support [s47(3)(b)] when called upon to do so by the Headmaster, and because of extensive periods of sick leave. [s47(3)(b)]

s47(3)(b) advised that he repaid to the School Council the full amount of his sick leave (\$11,009.98) prior to his termination. The remaining two co-principals were appointed to lead the school for a period of 12 months.

- 2.3 The directors have advised that there have been several discussions with the co-principals regarding their roles and the Board's expectations but these have not been provided systematically in a written duty statement. After a number of requests from the co-principals written contracts were finally provided in May. At the time of writing, these have not been signed by the co-principals because of dissatisfaction with some of the terms.
- 2.4 The board appears unwilling to provide to the co-principals the full extent of delegated authority that is normally associated with the principal of an independent school. Board members have advised that the main reason for their unwillingness is the belief that the co-principals lack the necessary experience. Other arrangements have been put in place to cover the perceived shortcomings. This has involved the board promoting an existing part-time employee s47(3)(b) to a newly created role of Manager-Administration. This appointment has been viewed with suspicion by many others working within the school and seems contrary to the staffing authority specifically delegated to the co-principals. Another example is the continuing employment on staff of s47(3)(b) s47(3)(b) former executive secretary of s47(3)(b).
- 2.5 The appointment of s47(3)(b) is seen by members of the school community as an unjustified appointment on the basis of her experience and qualifications and is related to the changed remuneration arrangements for s47(3)(b). There is a general feeling among staff that the real reason for her appointment is to be the "eyes and ears" of s47(3)(b) s47(3)(b) while he is unable to attend the school.
- 2.6 s47(3)(b) has been maintained in her position with various new duties assigned to her despite limited experience in the areas of responsibility. An example is her role as International Student Liaison Officer where she is called upon to promote attendance of international students at the school. The staff member who held this role in 2002 indicated that, in his professional opinion:
- "the lack of this person's experience and professionalism in this area is damaging the school in the potentially lucrative international market"*
- 2.7 The retention of this staff member has been at the direction of the board and contrary to the views of the co-principals who see more urgent staffing needs. Also, the appointment of s47(3)(b) co-owner of the school, to the new position of Manager-Administration was made directly by the board without consultation with, or input by, the co-principals who hold other priorities in staffing and who feel threatened by the appointment. The board's Finance Director, Stephen Beebe, indicated that the appointment was made solely in recognition of s47(3)(b) skills and capacities. She has no formal qualifications in the duties to which she has been assigned and the co-principals report that she does not willingly take direction from them.
- 2.8 In both instances the co-principals have communicated in writing and verbally to the board their disagreement with these appointments and the scope of duties assigned to them.

- 2.9 Through their actions and directions the board has effectively limited the role of the co-principals to the fields of education and pastoral care. However, at times the board has chosen to communicate other decisions through the co-principals, despite their objections, and has expected them to implement the decisions and be publicly supportive of them.
- 2.10 An example of the above is the appointment of [s47(3)(b)]. Both co-principals actively objected, verbally and in writing, to this appointment but the board proceeded for its own reasons and instructed the co-principals to make the announcement of the appointment. This was done but the chairman in an e-mail expressed his dissatisfaction with the wording of the announcement as it assigned to the board responsibility for the appointment.
- 2.11 The board advised that, in their view, the co-principals had expressed verbal support for the intended appointment and so members of the board were disappointed by the way the co-principals handled the announcement. This view seems to be in conflict with the written record at the time.
- 2.12 A further example of the limitation of the co-principals' duties was their limited involvement in preparing the budget for 2003. Directors advise that this was prepared by Stephen Beebe, in consultation with [s47(3)(b)] from his home whilst disqualified. The co-principals were called to his home to be advised of the outcomes. While, for practical reasons, [s47(3)(b)] may have needed to be actively involved in preparing the budget, the realities of running an independent school are such that it would have been particularly appropriate for the co-principals to have significant input to the process as they were to be the people to manage the implementation.

3. Workplace Health and Educational Program Management

- 3.1 There are serious issues of workplace health and educational program management that do not appear to have been addressed effectively by the school board, which is perceived as insensitive to the importance of managing relationships within an organization. In particular, the school board appears unable to manage effectively its relationships with management, teaching and administration staff and the school community.
- 3.2 This shortcoming is relevant to several expressed concerns about board practice, including managing relationships with the Commonwealth Bank, the senior executive of the school, and the teachers and parents of the school. We have concluded that this is a major weakness in the practices of the current board.
- 3.3 There is a significant level of distrust of the board that, from interviews, appears to be held generally among staff and the wider school community. The distrust appears to result from a number of causes, but particularly seems to come from what are seen to be arbitrary or insensitive decisions of the board. In the absence of credible explanations of board decisions, they are assumed to be influenced by [s47(3)(b)] and are seen to be uncaring of the opinions and feelings of many people in the school community who see as objectionable any continuing involvement of [s47(3)(b)] in school affairs.
- 3.4 In interviews with teachers it was claimed that there is a **climate of fear** among staff members in the school. The causes seem to be related to several matters. One is the

s47(3)(b) case itself, with the unfavourable media attention drawn to the school. Another relates to several staff redundancies that occurred in December 2002 without notice, often in the holiday period, and with little explanation to remaining staff members. One staff member commented that several of his colleagues are reluctant to open mail around Christmas for fear of finding themselves made redundant. A third is the perception that to question any decisions of the headmaster or of the board would be seen as disloyalty to the school, with the likely consequence being loss of employment.

3.5 Teachers and other staff members report that they are experiencing significant levels of emotional stress through their employment in the school. This situation is not helped by a lack of other employment options in other schools in the area. Staff members report feeling trapped there and wish that they could work under less stressful conditions. Whatever the causes or justification for these emotions, our interviews with teachers indicate that they do exist and the board seems either unaware of them, uninterested to take significant steps to promote a healthier climate in the school, or incapable of identifying what might be done to redress the situation.

3.6 Recently some staff members made allegations through the Student Councillor accusing s47(3)(b) of sexual harassment. The Councillor took these matters to the May meeting of the board, on invitation. She received a compassionate hearing but the outcome appears to have placed the responsibility for action back on the individuals. The board does not seem to have assumed a role for itself in possibly providing counselling or legal assistance to the individuals as a precursor to any action. The particular individuals have expressed fear of s47(3)(b) and the possibility of there being repeat episodes of behaviour considered unacceptable by them.

3.7 In the words of an independent consultant working in one area of the curriculum, 'Working with 'toxic workplaces' is my business, but I have never been in a place where there are more 'walking wounded' than at Sunshine Coast Grammar School.' (Telephone interview with s47(3)(b) 23/05/03).

3.8 Staff members of the school, both teaching and other classifications, remain very loyal to the school and its original vision, but several are now exhibiting increasing levels of confusion, disenchantment, distrust, frustration, and fear for their continuing employment.

4. Perceived Conflicts of Interest for Directors

4.1 At least two directors (Malcolm McComb and Stephen Beebe) derive substantial fees for services provided to the school, additional to their directors' fees. One director (Ross Johnston) is a former partner of the school's audit firm.

4.2 It was reported to us by several people interviewed that they see the potential for a conflict of interest in the decisions made within the board resulting from these relationships. This perception is reinforced by the nature of the corporate structure and the limited number of directors, both of which are perceived to lack adequate levels of accountability expected in an organisation in receipt of government funds.

4.3 When raised with members of the board it was claimed that there were no conflicts of interest because the directors have acted in the interests of the school with expertise enhanced by their intimate knowledge of the school, its circumstances and requirements, provided at fee levels consistent with or lower than normal professional scales. s47(3)

s47(3)(b) advised that he retired more than two and a half years ago and there was no ongoing relationship that created any conflict of interest. It is standard professional practice for the responsibility to fall upon the audit company to ensure that there is no conflict of interest resulting from the presence of the former partner serving as a director on the board of a client of the company.

4.4 The directors appear to have been insensitive to the way these arrangements are perceived by the school community, particularly in the circumstances that currently surround the school.

4.5 For example, the fact that the Chairman's firm provides solicitor services to the school and that the fees for service increased from \$22,039 in 2001 to \$59,811 in 2002, returning to \$24,000 in the budget for 2003, taken in association with the s47(3)(b) legal case in 2002, has fuelled speculation that the school is paying s47(3)(b) legal fees.

4.6 While some of these fees relate to advice to the school in relation to its position with respect to the s47(3)(b) case and its consequences for the school, there still remains disquiet that school funds have been used to assist with s47(3)(b) legal expenses. The Chairman has denied categorically that any of the school's fees have been for the legal support of s47(3)(b) indicating that the records will show that many of the costs related to staffing matters and sporting facility development projects at the school. However, such perceptions continue whilst there is seen to be a close relationship between the interests of the owners, a position on the board and payments for professional services rendered by some board members.

4.7 In the short-term it may be argued that these types of contractual arrangements leading to involvement in school operations can be justified due to a shortage of appropriately skilled people and because of the close knowledge of the school held by the Directors. However, recent guidelines issued by the ASX and supported by other professional bodies indicate that, in the longer term, such arrangements tend not to support strong and independent levels of corporate governance. They also do little to build school community confidence in the board and its decisions.

5. Conclusion

5.1 The quality of the internal and external communication of the school board, if not significantly improved, will continue to cause damage to the school. There are circumstances where information is confidential and inappropriate to be disseminated. However, the long-term viability of the school is dependent on the support of management staff and the school community. In this respect, the Board needs to show leadership. The reputation of the school needs to be rebuilt through open and honest communications with the various stakeholders and supporters in order to develop teamwork and a sense of shared accountability. In the process, the board might recognise more strongly the dedication and determination of the staff through what has been a very trying period for the school.

5.2 The goodwill of several teachers is being taxed by heavy workload requirements. This is being aggravated by a shortage of support staff. However, staff members remain committed to the school vision, despite the difficulties of the past year, but there is resentment about appointments of administration staff made by the school board. In particular, the appointment of s47(3)(b) to Manager—Administration and the changed

duty statement for [s47(3)(b)] have led to disillusionment among several staff members. It is unlikely that staff confidence can be maintained in the absence of more supportive actions by members of the school board.

5.3 In our view, there is perceived veil of secrecy over the operations of the School Board and the reasons for its strategic and financial decisions.

5.4 We have concluded that there is a future for SCGS, but not under the current structures and arrangements. There is the potential for a revitalised school community, increased public confidence in the school and its governance, and the possibility of a more supportive lending agency, with the timely addressing of issues identified in our report. We have also concluded that time is short for these changes to be effected if the school is to remain viable.

5.5 On July 15 it was reported in *The Courier Mail* that [s47(3)(b)] appeal was unsuccessful against the cancellation of his teacher registration. The school board is to meet in the near future to formulate future plans, given that [s47(3)(b)] will not be eligible to return to the position of Headmaster, but will remain owner of the school.



Dr Murray Evans



Mr Donald Langdon

Released Under
RTI Act by DE

18 August 2003

Emeritus Professor Roy Webb AO
Chairperson
Non-State Schools Accreditation Board
PO Box 347
Brisbane Albert Street BC Q 4002

Dear Professor Webb

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The further issues are as follows:

Corporate Structure & Financial Viability

The original vision and the subsequent directions taken by the school emanate from its founder and owner, [s47(3)(b)]. Until he stood down, he was the only educational specialist on the school's board and these skills have not been replaced. Under the current corporate structure while the ongoing control of the school rests with the Board of Directors of the governing body, [s47(3)(b)] as owner holds ultimate control in that he is able to determine the composition of the board. This creates a dilemma for the current board members, as they must maintain contact with [s47(3)(b)] regarding educational and ownership matters despite declaring their independence from him. This helps to foster the impression that [s47(3)(b)] continues to be a significant influence in the governance of the school in his absence.

However, from interviews we have identified that there is a general perception held, rightly or wrongly, amongst the staff and others that [s47(3)(b)] is still wielding control and effectively managing the school.

Under the existing structure it is almost impossible to refute this perception. If the structure is not addressed this perception has the potential to cause significant damage to the school. For example, as mentioned in our report on the accreditation criteria, at the close of the 2002 school year, student enrolments had decreased by 166, additional to the Year 12 exiting class.

When surveyed by the school's enrolments officer, parents of many of the 166 indicated 'dissatisfaction with the Headmaster' as the reason for cancelling their enrolments. While it is a tribute to the school that it commenced the 2003 school year with 1,040 students, this enrolment level is 210 students below the expectations of the original feasibility

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On the matter of the payments to the [s47(3)(b)] family, within the school community it is believed that the [s47(3)(b)] family is being paid a considerable sum and that this is both unconscionable and financially hurtful to the school in its present difficult circumstances. These payments, have contributed to a climate of distrust in which the Board and the owners currently are perceived to operate.

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We also mention in our report on the accreditation criteria that the payment of directors' fees for school board membership is most uncommon. Comments made during interviews and in correspondence received by us indicate that these payments are perceived by many in the school community as an outflow of funds that could be spent on school needs.

Lack of Effective Working Relationship Between the Board and the School Executive

Since the foundation of the school, [s47(3)(b)] has been the [s47(3)(b)]. The relationship between him and the board has been extremely close and he has provided the vision for the school. [s47(3)(b)] maintained these positions throughout 2002 whilst his case was being heard, being forced to relinquish all but the ownership in November 2002.

The departure of [s47(3)(b)] created a management vacuum, especially in educational expertise, which still persists and has not been adequately addressed. Steps were taken to establish a new executive at school level. The school community was advised at a public meeting in November that the three existing co-principals would lead the school for the balance of 2002 and in 2003. In December, after the school year was complete, one of [s47(3)(b)] was made redundant. This was announced as a restructure necessary for financial and budgetary reasons. [s47(3)(b)] in interview, believes it was because he refused to support [s47(3)(b)] when called upon to do so by the Headmaster, and because of extensive periods of sick leave. [s47(3)(b)]

s47(3)(b) advised that he repaid to the School Council the full amount of his sick leave (\$11,009.98) prior to his termination. The remaining two co-principals were appointed to lead the school for a period of 12 months.

The directors have advised that there have been several discussions with the co-principals regarding their roles and the Board's expectations but these have not been provided systematically in a written duty statement. After a number of requests from the co-principals written contracts were finally provided in May. At the time of writing, these have not been signed by the co-principals because of dissatisfaction with some of the terms.

The board appears unwilling to provide to the co-principals the full extent of delegated authority that is normally associated with the principal of an independent school. Board members have advised that the main reason for their unwillingness is the belief that the co-principals lack the necessary experience. Other arrangements have been put in place to cover the perceived shortcomings. This has involved the board promoting an existing part-time employee (s47(3)(b)) to a newly created role of Manager-Administration. This appointment has been viewed with suspicion by many others working within the school and seems contrary to the staffing authority specifically delegated to the co-principals. Another example is the continuing employment on staff of s47(3)(b) s47(3)(b) former executive secretary of s47(3)(b).

The appointment of s47(3)(b) is seen by members of the school community as an unjustified appointment on the basis of her experience and qualifications and is related to the changed remuneration arrangements for s47(3)(b). There is a general feeling among staff that the real reason for her appointment is to be the "eyes and ears" of s47(3)(b) s47(3)(b) while he is unable to attend the school.

s47(3)(b) has been maintained in her position with various new duties assigned to her despite limited experience in the areas of responsibility. An example is her role as International Student Liaison Officer where she is called upon to promote attendance of international students at the school. The staff member who held this role in 2002 indicated that, in his professional opinion:

"the lack of this person's experience and professionalism in this area is damaging the school in the potentially lucrative international market"

The retention of this staff member has been at the direction of the board and contrary to the views of the co-principals who see more urgent staffing needs. Also, the appointment of s47(3)(b) co-owner of the school, to the new position of Manager-Administration was made directly by the board without consultation with, or input by, the co-principals who hold other priorities in staffing and who feel threatened by the appointment. The board's Finance Director, Stephen Beebe, indicated that the appointment was made solely in recognition of s47(3)(b) skills and capacities. She has no formal qualifications in the duties to which she has been assigned and the co-principals report that she does not willingly take direction from them.

In both instances the co-principals have communicated in writing and verbally to the board their disagreement with these appointments and the scope of duties assigned to them.

Through their actions and directions the board has effectively limited the role of the co-principals to the fields of education and pastoral care. However, at times the board has chosen to communicate other decisions through the co-principals, despite their objections, and has expected them to implement the decisions and be publicly supportive of them.

An example of the above is the appointment of [s47(3)(b)]. Both co-principals actively objected, verbally and in writing, to this appointment but the board proceeded for its own reasons and instructed the co-principals to make the announcement of the appointment. This was done but the chairman in an e-mail expressed his dissatisfaction with the wording of the announcement as it assigned to the board responsibility for the appointment.

The board advised that, in their view, the co-principals had expressed verbal support for the intended appointment and so members of the board were disappointed by the way the co-principals handled the announcement. This view seems to be in conflict with the written record at the time.

A further example of the limitation of the co-principals' duties was their limited involvement in preparing the budget for 2003. Directors advise that this was prepared by Stephen Beebe, in consultation with [s47(3)(b)] from his home whilst disqualified. The co-principals were called to his home to be advised of the outcomes. While, for practical reasons, [s47(3)(b)] may have needed to be actively involved in preparing the budget, the realities of running an independent school are such that it would have been particularly appropriate for the co-principals to have significant input to the process as they were to be the people to manage the implementation.

Workplace Health and Educational Program Management

There are serious issues of workplace health and educational program management that do not appear to have been addressed effectively by the school board, which is perceived as insensitive to the importance of managing relationships within an organization. In particular, the school board appears unable to manage effectively its relationships with management, teaching and administration staff and the school community.

This shortcoming is relevant to several expressed concerns about board practice, including managing relationships with the Commonwealth Bank, the senior executive of the school, and the teachers and parents of the school. We have concluded that this is a major weakness in the practices of the current board.

There is a significant level of distrust of the board that, from interviews, appears to be held generally among staff and the wider school community. The distrust appears to result from a number of causes, but particularly seems to come from what are seen to be arbitrary or insensitive decisions of the board. In the absence of credible explanations of board decisions, they are assumed to be influenced by [s47(3)(b)] and are seen to be uncaring of the opinions and feelings of many people in the school community who see as objectionable any continuing involvement of [s47(3)(b)] in school affairs.

In interviews with teachers it was claimed that there is a **climate of fear** among staff members in the school. The causes seem to be related to several matters. One is the

s47(3)(b) case itself, with the unfavourable media attention drawn to the school. Another relates to several staff redundancies that occurred in December 2002 without notice, often in the holiday period, and with little explanation to remaining staff members. One staff member commented that several of his colleagues are reluctant to open mail around Christmas for fear of finding themselves made redundant. A third is the perception that to question any decisions of the headmaster or of the board would be seen as disloyalty to the school, with the likely consequence being loss of employment.

Teachers and other staff members report that they are experiencing significant levels of emotional stress through their employment in the school. This situation is not helped by a lack of other employment options in other schools in the area. Staff members report feeling trapped there and wish that they could work under less stressful conditions. Whatever the causes or justification for these emotions, our interviews with teachers indicate that they do exist and the board seems either unaware of them, uninterested to take significant steps to promote a healthier climate in the school, or incapable of identifying what might be done to redress the situation.

Recently some staff members made allegations through the Student Councillor accusing s47(3)(b) of **sexual harassment**. The Councillor took these matters to the May meeting of the board, on invitation. She received a compassionate hearing but the outcome appears to have placed the responsibility for action back on the individuals. The board does not seem to have assumed a role for itself in possibly providing counselling or legal assistance to the individuals as a precursor to any action. The particular individuals have expressed fear of s47(3)(b) and the possibility of there being repeat episodes of behaviour considered unacceptable by them.

In the words of an independent consultant working in one area of the curriculum, 'Working with 'toxic workplaces' is my business, but I have never been in a place where there are more 'walking wounded' than at Sunshine Coast Grammar School.' (Telephone interview with s47(3)(b) 23/05/03).

Staff members of the school, both teaching and other classifications, remain very loyal to the school and its original vision, but several are now exhibiting increasing levels of confusion, disenchantment, distrust, frustration, and fear for their continuing employment.

Perceived Conflicts of Interest for Directors

At least two directors (Malcolm McComb and Stephen Beebe) derive substantial fees for services provided to the school, additional to their directors' fees. One director (Ross Johnston) is a former partner of the school's audit firm.

It was reported to us by several people interviewed that they see the potential for a conflict of interest in the decisions made within the board resulting from these relationships. This perception is reinforced by the nature of the corporate structure and the limited number of directors, both of which are perceived to lack adequate levels of accountability expected in an organisation in receipt of government funds.

When raised with members of the board it was claimed that there were no conflicts of interest because the directors have acted in the interests of the school with expertise enhanced by their intimate knowledge of the school, its circumstances and requirements, provided at fee levels consistent with or lower than normal professional scales. Ross

Johnston advised that he retired more than two and a half years ago and there was no ongoing relationship that created any conflict of interest. It is standard professional practice for the responsibility to fall upon the audit company to ensure that there is no conflict of interest resulting from the presence of the former partner serving as a director on the board of a client of the company.

The directors appear to have been insensitive to the way these arrangements are perceived by the school community, particularly in the circumstances that currently surround the school.

For example, the fact that the Chairman's firm provides solicitor services to the school and that the fees for service increased from \$22,039 in 2001 to \$59,811 in 2002, returning to \$24,000 in the budget for 2003, taken in association with the [s47(3)(b)] legal case in 2002, has fuelled speculation that the school is paying [s47(3)(b)] legal fees.

While some of these fees relate to advice to the school in relation to its position with respect to the [s47(3)(b)] case and its consequences for the school, there still remains disquiet that school funds have been used to assist with [s47(3)(b)] legal expenses. The Chairman has denied categorically that any of the school's fees have been for the legal support of [s47(3)(b)] indicating that the records will show that many of the costs related to staffing matters and sporting facility development projects at the school. However, such perceptions continue whilst there is seen to be a close relationship between the interests of the owners, a position on the board and payments for professional services rendered by some board members.

In the short-term it may be argued that these types of contractual arrangements leading to involvement in school operations can be justified due to a shortage of appropriately skilled people and because of the close knowledge of the school held by the Directors. However, recent guidelines issued by the ASX and supported by other professional bodies indicate that, in the longer term, such arrangements tend not to support strong and independent levels of corporate governance. They also do little to build school community confidence in the board and its decisions.

Conclusion

The quality of the internal and external communication of the school board, if not significantly improved, will continue to cause damage to the school. There are circumstances where information is confidential and inappropriate to be disseminated. However, the long-term viability of the school is dependent on the support of management, staff and the school community. In this respect, the Board needs to show leadership. The reputation of the school needs to be rebuilt through open and honest communications with the various stakeholders and supporters in order to develop teamwork and a sense of shared accountability. In the process, the board might recognise more strongly the dedication and determination of the staff through what has been a very trying period for the school.

The goodwill of several teachers is being taxed by heavy workload requirements. This is being aggravated by a shortage of support staff. However, staff members remain committed to the school vision, despite the difficulties of the past year, but there is resentment about appointments of administration staff made by the school board. In particular, the appointment of [s47(3)(b)] to Manager—Administration and the changed

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duty statement for [s47(3)(b)] have led to disillusionment among several staff members. It is unlikely that staff confidence can be maintained in the absence of more supportive actions by members of the school board.

In our view, there is perceived veil of secrecy over the operations of the School Board and the reasons for its strategic and financial decisions.

We have concluded that there is a future for SCGS, but not under the current structures and arrangements. There is the potential for a revitalised school community, increased public confidence in the school and its governance, and the possibility of a more supportive lending agency, with the timely addressing of issues identified in our report. We have also concluded that time is short for these changes to be effected if the school is to remain viable.

On July 15 it was reported in *The Courier Mail* that [s47(3)(b)] appeal was unsuccessful against the cancellation of his teacher registration. The school board is to meet in the near future to formulate future plans, given that [s47(3)(b)] will not be eligible to return to the position of Headmaster, but will remain owner of the school.



Dr Murray Evans



Mr Donald Langdon

Released under
RTI Act by DE

REPORT TO NON-STATE SCHOOLS ACCREDITATION BOARD

ON

SUNSHINE COAST GRAMMAR SCHOOL

COMPLIANCE WITH ACCREDITATION CRITERIA

Released under the
RTI Act by DET

PREPARED BY

DR MURRAY EVANS

&

MR DONALD LANGDON

18 AUGUST 2003

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1. PURPOSE STATEMENT

The purpose of this report is to assess and provide an opinion on the standard of Sunshine Coast Grammar School's (the school's) compliance with the criteria for accreditation (see 2 below).

The Non-State Schools Accreditation Board (NSSAB) appointed Dr Murray Evans, Principal Somerville House, and Mr Donald Langdon, Partner Hall Chadwick Chartered Accountants as joint assessors who have prepared this report.

The assessors visited the school on three occasions: 16, 21 and 27 May 2003 for the purposes of conducting the assessment. Prior to these visits on 2 May 2003, the assessors wrote to the school and provided a list of the information and documents required for the investigation. In conducting their investigation the assessors reviewed the financial, organisational and educational material provided and undertook interviews with the following people:

- All board members either in person or by telephone;
- The Co-Principals;
- Finance Manager;
- Manager-Administration;
- Student Co-ordinator and Heads of House;
- Groups of primary and secondary teachers including a number of groups randomly selected from the staff listing by the assessors; and
- A group of administration and finance staff.

The assessors advised all interviewees that the confidentiality of any comments made or views expressed would be maintained as far as possible but that the assessors could not ensure continued confidentiality after their final report was submitted. All interviewees accepted these conditions.

Since the assessors' school visits there has been considerable action from members of the school board. Many emails have been sent to the assessors, with indications that various perceived omissions were being rectified. A compilation of policies has been developed and supplied on CD, an updated version of the original plan for the school has been prepared and sent, and explanatory information provided in response to matters raised on-site by the assessors. Some of this information has been financial, reconciling identified variations, and some educational, for example, explanations of factors leading to changes in the LOTE program with consequent staff losses.

There remain shortcomings in some of what has been provided subsequently and these matters have been referred to in the appropriate sections of our report.

2. SUMMARY OF FINDINGS

Overall, we have concluded that there needs to be a number of significant changes for the school for full compliance with the accreditation criteria. Our conclusions with respect to each of the accreditation criteria are as follows:

2.1 The school's financial viability

Section 5 Education (Accreditation of Non-State Schools) Regulation 2001

It is not evident that the school has the capacity to supply educational services to the standards promoted in the school prospectus and in regular communications to the school community within the timeframes consistent with the strategic business plans and reasonable community expectations.

In our opinion, at the present time, the school does not have access to adequate financial resources for its viable operation and therefore does not comply with the accreditation criterion.

2.2 The school's educational program and student welfare processes

Division 3 Education (Accreditation of Non-State Schools) Regulation 2001

Section 6 – The Statement of Philosophy and Aims in conjunction with the new Vision Statement are appropriate and adequate documents and satisfy the accreditation criterion.

Section 7 – The school's educational program provided to students is sound and is being managed by competent, committed teachers and is complying with the accreditation criterion.

Section 10(1) – Written documentation, policy statements, and compliance logs relating to health and safety of staff and students were not readily available at the time of inspection. However, a CD containing the relevant written processes has subsequently been provided. The written processes comply with the accreditation criterion.

Section 10(2) – There are inadequacies with the scope of the school's Child Protection Policy. In our opinion, the school is not complying with the criteria relating to the health, safety and conduct of staff and students.

2.3 The school's resources

Division 4 Education (Accreditation of Non-State Schools) Regulation 2001

Section 7 – While the school has sufficient, adequately qualified teaching staff, there is a lack of teacher aides and administrative support. Therefore, in our opinion, the school is not complying with this criterion.

Section 12 (Land and Buildings) – We are unable to make a decision on compliance with this criterion (given that the school is currently making arrangements for the second access site for emergencies, in accordance with Council requirements at present).

Section 13 – In our opinion, the school does not have sufficient educational facilities and materials (library facilities and resources) necessary for the effective delivery of the educational program and does not meet the criteria.

2.4 The school's improvement processes

Section 14 Education (Accreditation of Non-State Schools) Regulation 2001

The school is not currently conforming to the requirements of the accreditation criterion regarding school improvement processes. The areas of concern are as follows:-

- The strategic and business plan documents provided by the school were incomplete and not up to date;
- Other than the monthly financial reports and statutory reporting, there is no overall monitoring and reporting of achievements and indicators identified in the strategic and business plans; and
- There is no effective regular communication to the various stakeholder groups within the school community of the school's performance as required under the accreditation criterion.

3. BACKGROUND

3.1 Location

Sunshine Coast Grammar School is a P-12, co-educational, independent school located at Forest Glen on the Sunshine Coast.

3.2 Accreditation/Funding Status

Sunshine Coast Grammar School was granted primary non-state school status from 1 January 1997; and preschool and secondary non-state school status from 1 January 1998.

School in receipt of funding status for Years 1 to 7 was approved from 1 January 1997 and funding for the preschool year and Year 8 was granted from 1 January 1998. School in receipt of funding status for Years 9, 10 and 11 were approved from 1 January 1999, 1 January 2000 and 1 January 2001 respectively.

The transition provisions of the *Education (Accreditation of Non-State Schools) Act 2001* automatically granted full school in receipt of subsidy status for the Preschool Year to Year 12 on 1 January 2002 for the school.

3.3 Enrolment Profile

The school commenced in 1997 as a primary school with enrolments in all year levels. A Year 8 enrolment was introduced in 1998, progressing to the first Year 12 group in 2002. The initial enrolment was 250 students, rapidly escalating to the current enrolment of approximately 1,040 students. Enrolments reported in the February State census summarise as follows:

YEAR	ENROLMENT NUMBERS
1999	764.0
2000	904.0
2001	969.0
2002	1,026.0
2003	1,037.0

At the close of the 2002 school year, student enrolments had decreased by 166, additional to the Year 12 exiting class. Despite this additional loss of enrolments, the school commenced the 2003 school year with 1,040 students. This enrolment level is 210 students below the expectations of the original feasibility study.

3.4 Corporate Structure/Ownership

A search of the ASIC records and the corporate records indicate the following:

- (a) The governing body is a private family company limited by shares. There are 401 shares all of which are held by the [s47(3)(b)] family (400 [s47(3)(b)] and 1 [s47(3)(b)]).
- (b) [s47(3)(b)] is the permanent Governing Director (i.e. until death, retirement or resignation), however at this point in time he has been forced to relinquish his role as he currently does not have the legal capacity to act as a Director under the Accreditation Act.
- (c) In addition to [s47(3)(b)] there are four directors:-
- . Mr Malcolm McComb (solicitor),
 - . Mr Ross Johnston (chartered accountant),
 - . Mr William Brewer (retired bank manager); and
 - . Mr Stephen Beebe (chartered accountant).
- (d) The Chairman is Malcolm McComb, a position held since [s47(3)(b)] stood down.

There are appropriate "not for profit" clauses in the Memorandum of Association and the Articles of Association and the company has been approved by the ATO as a tax exempt body. The authority to appoint directors and to change the Memorandum and Articles of Association resides with the owners.

3.5 Funding History (State and Commonwealth)

(Data provided by the Office of Non-State Education, Grants and Allowances Payments System, as at 1 August 2003)

State Recurrent Grant Payments

1999	\$731,465
2000	\$987,186
2001	\$1,079,985
2002	\$1,253,343
2003 to date	\$968,886

Commonwealth Recurrent Grant Payments

2001	\$891,082.50
2002	\$3,131,577.99
2003 to date	\$2,551,904.10

Capital Assistance

Year	Project	Total Project Cost	State Assistance	Commonwealth Assistance
1999	Construction of nine general learning areas, extension of the staff room, covered walkways and conversion of one general learning area	\$1,185,200	\$146,700	\$117,500
2000	Construction of Library/Resource Centre, site works and furniture	\$1,368,500	\$215,800	\$172,700
2001	Headworks charges	\$46,198	\$23,099	Nil

3.6 Major Lender

From the financial records of the school and discussions with the directors, financial support has been through the Commonwealth Bank, with security over land and buildings, and with additional personal guarantees from the shareholders and three individuals.

The directors have also advised that the school's borrowing arrangements are closely monitored by the CBA. This is a constraint upon short-term future development of the site and its buildings.

3.7 Financial Information

3.7.1 Historical Financial Data

The financial statements from 2001 and 2002, together with the management financial reports for December 2002 and March 2003 show the following:

Financial Performance	2002	2001
	\$	\$
Revenues from ordinary activities	10,326,787	8,646,253
Expenses from ordinary activities		
Employee salaries & related costs	(6,505,679)	(5,100,098)
Depreciation & amortisation	(550,998)	(521,093)
Borrowing costs	(983,228)	(899,604)
Student activities & camps	(630,810)	(428,773)
Teaching resources	(245,874)	(262,144)
Caretaking & cleaning	(198,499)	(150,497)
Professional & legal fees	(151,651)	(93,229)
Other expenses from ordinary activities	(993,418)	(787,204)
Profit from ordinary activities before income tax expense	66,640	403,611
Income tax expense	-	-
Net profit	66,640	403,611

Financial Position

Total current assets	212,470	659,302
Total non-current assets	10,923,591	10,982,250
Total current liabilities	2,492,540	2,219,553
Total non-current liabilities	7,406,635	8,251,754
Total interest bearing liabilities	8,632,918	9,368,647
Contributed equity	401	400
Retained profits	1,236,886	1,170,245

Cash Flows

Net cash inflow from operating activities	788,233	1,091,878
Payments for property plant & equipment	(402,186)	(1,834,805)
Capital grants received	228,434	181,183
Proceeds from borrowings	40,000	2,682,000
Repayment of borrowings	(1,193,160)	(894,192)
Net increase (decrease) in cash held	(546,679)	1,227,847
Cash at end of financial year	(86,427)	460,252

The draft audited financial reports of the school for the year ended 31 December 2002 provided to us at the time of our visits to the school also contain statements highlighting concerns regarding the school's ongoing financial operations. They are contained in Note 1B and are repeated below:

Note 1B - ONGOING OPERATIONS

The following risk factors exist in relation to the company's ongoing operations:

- *The company has an excess of current liabilities over current assets of \$2,280,070 (2001: \$1,560,251).*
- *The company had a net decrease in cash held for the financial year of \$546,679 (2001: net increase of \$1,227,847).*
- *The company has an overdraft limit of \$200,000 and at 31 December 2002 \$86,427 of the facility had been used.*
- *The company's total interest bearing liabilities at 31 December 2002 were \$8,632,918 (2001: \$9,368,647).*
- *At 31 December 2002 the company had breached two covenants in respect of their bank facilities. Student numbers at the August 2002 census date were 1,046 compared to the requirement under the loan covenants of 1,120 students. In addition, interest cover for the year was 1.07 compared to the required cover of 1.75.*
- *There is continued uncertainty in respect of the role of the former director, J W Burgess in the ongoing activities of the school, and in relation to any effect that this may have on future enrolments.*

The company's continued operations are dependent on:

- *The continuing support of the company's bankers,*
- *The continuing support of the bank guarantors in respect of bank loans,*
- *The ability of the company to generate operating cash inflows sufficient to cover its operating cash outflow, interest costs and required debt repayments,*

- *The school's ability to attract new enrolments and maintain existing enrolments.*

The following actions and current events mitigate the risks outlined above:

- *Written confirmation has been obtained from the company's bankers that they will not act on any breaches of debt covenants in relation to the existing debt facilities.*
- *As set out in note 21, a new debt facility was negotiated with the company's bankers to replace existing arrangements from 1 March 2003. The interest cover requirement was removed and the student numbers requirements have been reduced to 1020 students for 2003 and numbers determined by an approved budget thereafter. In addition interest rates have been reduced and the company is allowed to offset cash on deposit against the loans to further reduce interest. This can be significant as the school has large cash reserves early in the year and again in July, when school fees and government grants are paid.*
- *A full time enrolments officer was appointed in 2002. At February 2003 student enrolments were 1,060, compared to 1,040 in the 2003 budget.*
- *The school recorded three OP 1 scores in 2002, which is considered to be a significant factor in attracting and maintaining enrolments.*
- *The company has budgeted a basically break-even net cash flows for the 2003 year. The net cash position at the end of February 2003 was \$2.75M, with \$2.9M held on deposit to reduce interest obligations. This was \$66,000 ahead of the budgeted year to date position.*
- *Four staff members were retrenched at the end of 2002 to manage costs.*
- *No major capital projects are budgeted for 2003.*

3.7.2 Directors' Fees

The Directors are entitled to be paid directors' fees under the Memorandum and Articles of Association. They are each in receipt of payment, which has been set at \$20,000 pa each for the 2003 year. This amount represents a 100% increase over 2002.

3.7.3 Remuneration of [s47(3)(b)] Payments to [s47(3)(b)] family

Members of the school board have arranged for ongoing remuneration payments to [s47(3)(b)], by reclassifying elements of financial entitlements and assigning them to other expenditure categories in the financial accounts other than Headmaster's salary. This has been achieved through rearrangement of various payments, outlined below:

1. \$20,000 as part repayment of an undocumented loan of \$28,000 from [s47(3)(b)] for "pre-opening expenses";
2. \$65,520 as new guarantee payments for loan security provided by the [s47(3)(b)] family.
3. \$65,000 to the employment of [s47(3)(b)] to a newly created, full-time position as Manager-Administration from her former part-time employment in the IT section.
4. \$75,000 as an interest-bearing, unsecured loan for six months to [s47(3)(b)]
5. \$40,000 as accrued salary entitlements of [s47(3)(b)] from earlier years as Headmaster.

In summary, payments totalling \$265,520 have been made, or are intended to be made to the [s47(3)(b)] family in 2003.

A maintained motor vehicle and payment of the [s47(3)(b)] personal mortgage are additional provisions.

3.7.4 Capital development

The school has undertaken capital development in excess of \$10 million since its inception, with only \$400 contributed equity (shareholders' contributions), plus the amounts received in State and Commonwealth capital grants.

3.8 Deregistration of [s47(3)(b)]

[s47(3)(b)]
[s47(3)(b)] was the subject of an enquiry by the Board of Teacher Registration. The outcome was a decision to remove his teaching registration. As he also did not have the *Commission for Children & Young People Act 2000* 'blue card' required of individuals serving as members of a school's governing body, he relinquished his role on the board and as Headmaster of the school in November 2002. He lodged an appeal against the decision of the BTR. [s47(3)(b)]
[s47(3)(b)] appeal against the cancellation of his teaching registration was dismissed. [s47(3)(b)]
[s47(3)(b)]

3.9 Appointment of staff and employment conditions/contracts

Although documents relating to the above were requested, they were not provided. Therefore, there does not appear to be any written contract for the appointment of [s47(3)(b)] [s47(3)(b)] to the position of Headmaster, nor for the other members of the school's senior executive.

The board has engaged in the preparation of contracts for the Co-Principals, at their request, but the process is still not complete more than six months since they took up office.

3.10 Professional fees to directors

The financial records and audited financial reports indicated that at least two directors (Malcolm McComb and Stephen Beebe) derive substantial fees for services provided to the school, additional to their directors' fees. One director (Ross Johnston) is a former partner of the school's audit firm.

The Chairman's firm provides solicitor services to the school and that the fees for service increased from \$22,039 in 2001 to \$59,811 in 2002, returning to \$24,000 in the budget for 2003.

Stephen Beebe provides accounting and financial advisory services to the school. The fees paid for these services amounted to \$63,318 for 2002 and \$62,797 for 2001.

3.11 Strategic/Business Plans

A Strategic Plan for Building Development 2002 – 2014 was provided to the assessors subsequent to their school visits. Although mention is made in the document of a

Financial Strategic Plan and a 10 Year Master Strategic Plan neither of these documents have been supplied to the assessors despite being requested originally in writing.

3.12 Land, Buildings and Facilities

The school site is an attractive one, aesthetically pleasing and spacious. It has shortcomings typical of many new schools with first stage quality buildings and grounds requiring further development. Despite this, the school has the needed space to match its aspirations. The existing permanent buildings are in acceptable condition and seem adequate in size.

The overall growth of the school has been rapid, despite the directors' belief that fee levels are on the high side in comparison with other independent schools in the area. This fact would indicate a high level of community acceptance of the school because enrolments have matched projected expectations, until the current year. A negative consequence of the rapid growth has been difficulty in providing buildings within the time frames envisaged in the original feasibility study, and as announced to the school community on several occasions.

A significant concern is the presence on site of 11 transportable classrooms, some of which have been used for senior classes and for Drama. It is generally held in developing schools that such buildings should be for short-term use only, and in limited numbers. The current financial state of the school suggests that they will be in place for several years hence although the rental charges are in the vicinity of \$120,000 per annum. Director, Stephen Beebe, is of the view that an annual saving of this amount would not be sufficient to finance permanent replacement buildings.

The school has made a significant commitment to information technology and is well provided with computers for student and staff use.

According to the School Librarian the Secondary School collection at May 2003 was as follows:

Teacher Reference	1,139
Reference	229
Non Fiction	1,294
Fiction	1,059
Senior Fiction	141
TOTALS	3,862
Audio Visual	187
Videos	224
TOTALS	411

In total, then, there are 4,273 resources of all types, but not including computer based ICT databases or www access resources

Information extracted from the school's financial reports show the following:

Teaching Resources	2001	2002	2003
Budget	257,000	245,500	214,000
Actual	262,144	245,874	68,633 (to June)

4. CRITERIA FOR ACCREDITATION

The pertinent statutory clauses for the assessment of a school's accreditation status are *Section 9 of the Education (Accreditation of Non-State Schools) Act 2001* and *Divisions 1-5 of the Education (Accreditation of Non-State Schools) Regulation 2001*.

Section 15 also is relevant, declaring that, for the *Commission for Children and Young People Act 2000*, part 6, a person is taken to be a person carrying on a regulated business under the Act by being a director of the governing body of an accredited school. This requirement means that each director must hold a criminal clearance (a current 'blue card') to continue to serve as a Director.

Section 11 of the Act requires that the governing body of an accredited school must be a corporation.

The criteria identified for investigation were the following:

- (a) the school's financial viability
- (b) the school's educational program and student welfare processes
- (c) the school's resources
- (d) the school's improvement processes

Each criterion will be addressed in this report.

5. SCHOOL'S FINANCIAL VIABILITY (Division 2: section 5 Regulation)

Section 5 of the Regulation provides that:

"A school must have access to adequate financial resources for its viable operation".

5.1 Recurrent Operations

In 2001 the school made a surplus on recurrent operations of \$403,611 after depreciation of \$521,093. This was a useful surplus that, with outcomes from other financial periods, allowed a significant level of retained profits to be built up. Although an addition to buildings had been announced and communicated to the school community for 2001, it did not commence.

In 2002 the school experienced significant financial problems and recorded a surplus of \$66,640 after depreciation of \$550,988. This was caused by a lower enrolment than budgeted, over budget expenditure on operating costs of approximately \$270,000 including unbudgeted redundancy payments of nearly \$100,000, and over budget legal costs of \$41,168 including the fees associated with the advice to the school on the s47(3) case. Principal repayments of approximately \$1.2 million were made on school loans, seemingly as a requirement of the CBA. The result was a very tight cash flow situation by the end of 2002. In fact cash resources fell by \$546,679 over the financial year to an overdraft of \$86,427 at year-end. Buildings supposedly to commence in 2002 were deferred, according to the Directors, until as late as 2006 at the earliest.

In 2003 the school has budgeted for a recurrent surplus of \$608,115 after depreciation of \$597,149. The surplus has been achieved by cutting several areas of expenditure, notably classroom and other resources to support the educational program, and the employment of first year, or relatively inexperienced young teachers is planned to attain the intended outcome. These decisions have led to some agitation among teachers as reported by them in interview. Over the three-year period, 2001-2003, budgeted and actual expenditure for educational resources has decreased annually despite increased enrolments. The end product is lower expenditure per student on these resources.

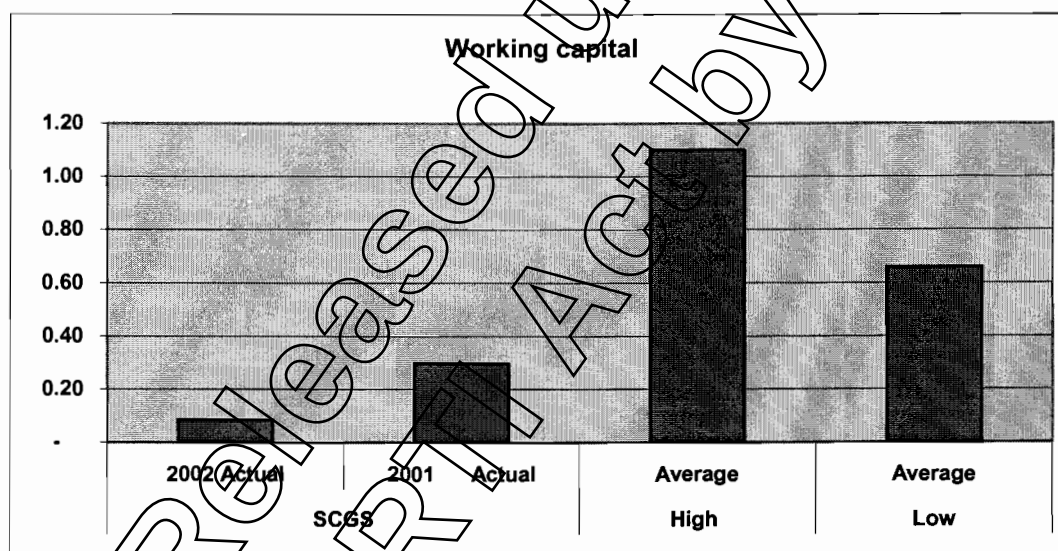
The school's financial viability in 2003 has been eroded by particular intended costs which include \$80,000 for Directors' fees (a 100% increase over 2002 payments), \$22,000 plus fees remissions to support loan guarantees provided by various people, \$65,000 annual lease fee over vacant and unused adjoining land, and the payments and loans to s47(3)(b) amounting to \$265,520 enumerated later.

5.2 Financial Position

The current debt per student is in excess of \$8,000, which is not unreasonable for a school in its current stage of development.

The position of the school against a number of key industry benchmarks clearly indicates the position.

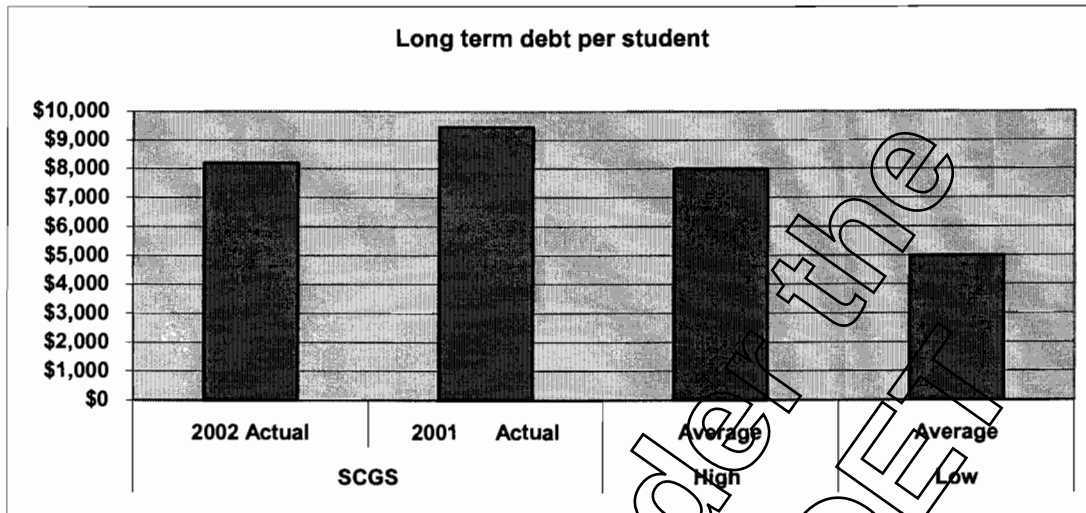
Current ratio



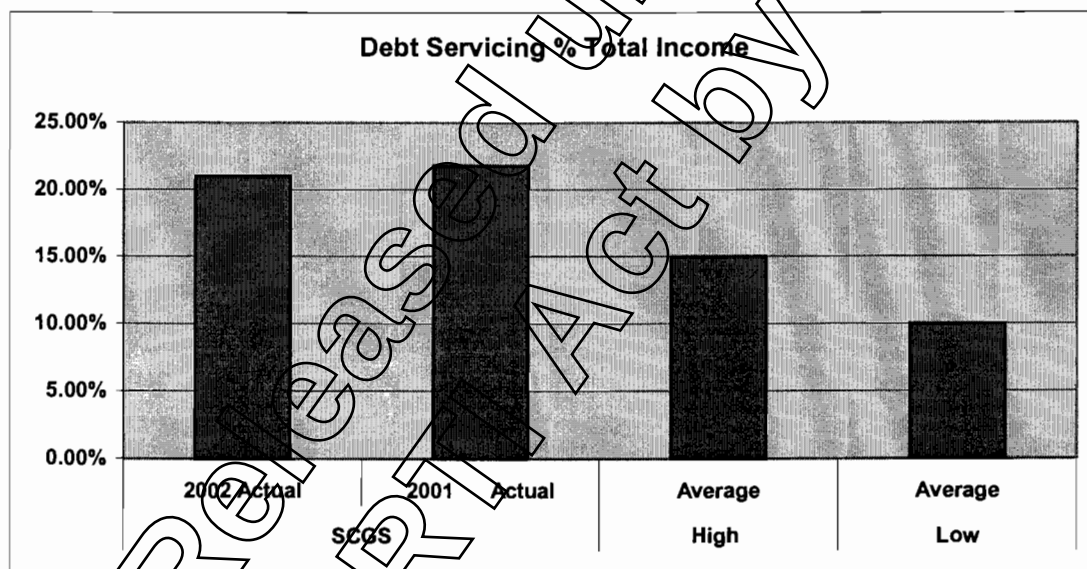
The importance of this ratio is that it shows the capacity of a school to pay its debts as and when they fall due. The ratio compares the level of current assets available to meet current liabilities. A ratio of 1 is regarded as sound. The operational activities for independent schools are very much contained within discrete annual periods. As such, there is an expectation that at the end of each financial year there will be sufficient current assets (cash, receivables, inventory and short term investments) available to meet the existing current liabilities, in particular, payables, provisions and other current liabilities (fees in advance).

As can be seen from the graph above there is a substantial shortfall in the amount of current assets available. This means that future cash flows will have to be allocated to cover the previous year's debts. The future cash flow could come from future operating surpluses or additional borrowings. However, the school has not prepared longer-term financial models that show how these funding issues will be handled.

Debt per Student



Debt Service Requirements to Total Income



These two graphs analyse the current long-term debt position of the school. At 31 December 2002, the debt per student amounted to \$8,222 having reduced from \$9,463 at 31 December 2001. In our opinion this level of debt compares favourably with schools at a similar stage of development and is not cause for undue concern.

The next graph shows that debt-servicing requirements consume approximately 21% of total revenue. This is 6% to 11% (\$600,000 to \$1,000,000 in cash flow terms) over the benchmarks used by the Block Grant Authority as indicators of sound school management. This is a cause for major concern given the school's current stage of development.

5.3 Directors' Fees

The payment of directors' fees for school board membership is most uncommon. Comments made during interviews and in correspondence received indicate that these payments are perceived by many in the school community as an outflow of funds that could be spent on school needs. The Chairman of the board and other directors have contended that these payments are justified by virtue of the workload of the board members, which they claim to be excessive in comparison with other schools.

The board members are under pressure due to the circumstances of 2002 which led to the loss of the Head of School, public disquiet and intense media pressure, significant cash flow difficulties resulting from a lack of support by the CBA, the school's primary financier, and its insistence on large loan repayments. Because there are only four Directors, each is required to carry a heavy workload at this time in the interests of performing their duties.

5.4 Remuneration of s47(3)(b)

The issue of remuneration for s47(3)(b) is a significant one in SCGS. It would appear that remuneration is still being directed to s47(3)(b) even though he has been stood down from his position.

There does not appear to be any written contract for the appointment of s47(3)(b) to the position of Headmaster. In the absence of a contract of employment for him, it is difficult to confirm his actual entitlements, although the board members appear to have proceeded on the assumption that such details are known to them.

In summary, payments totalling \$265,620 have been made, or are intended to be made to the s47(3)(b) family in 2003

With respect to the payments to the s47(3)(b) family we make the following comments:

1. In the absence of a written contract of employment we were unable to verify the veracity of any payment to s47(3)(b) certified as being unclaimed remuneration from 2002 or prior years. Also the payment of amounts to s47(3)(b) relating to unpaid salary entitlements from previous years is difficult to confirm in the absence of a written contract of employment and the lack of any record of accrued salary entitlements of s47(3)(b) in the school's financial reports.
2. The decision was made in 2003 to pay loan guarantee fees to s47(3)(b)
3. s47(3)(b) was promoted in 2003 from a part-time position in the school's information technology section to the full-time position of Manager—Administration.
4. s47(3)(b) has been provided with an unsecured loan. Members of the board advise that this loan was made on the basis that it represents an advance payment against the estimated redundancy payout for s47(3)(b) should his appeal against the Board of Teacher Education decision be unsuccessful.

5.5 Strategic Planning for Capital Development:

The school has undertaken capital development in excess of \$10 million since its inception, with only \$400 contributed equity (i.e. shareholders' contributions), plus the amounts received in State and Commonwealth capital grants. The current debt per student is in excess of \$8,000, which is not unreasonable for a school in its current stage of development, but in association with high debt servicing arrangements, has led to an inability to proceed with advertised and promised capital developments in the immediate future.

The school is highly dependent for its continuing viability upon maintaining or improving current enrolment levels next year. The experiences of the second half of 2002 coupled with the current uncertainty surrounding the status of s47(3)(b) leads to uncertainty about the school's capacity to continue to attract clients without further capital commitments and a resolution acceptable to the school community of the s47(3)(b) case.

A Strategic Plan for Building Development 2002 – 2014 was provided to the assessors subsequent to their school visits. Although mention is made in the document of a Financial Strategic Plan and a 10 Year Master Strategic Plan neither of these documents have been supplied to the assessors despite being requested originally in writing. With these deficiencies, the Strategic Plan for Building Development 2002 – 2014 is only part of an incomplete set of planning documents.

The current situation for the school is that its capacity to meet legitimate expenses, plus other intended outlays, is perilous, without causing serious erosion to the educational program and the building program of the school. In addition, without significant restructuring of long-term borrowings and evidence of sustained and increased enrolment trends, the school's long-term financial and educational outlook is uncertain.

In our opinion, at the present time, the school does not have access to adequate financial resources for its viable operation and therefore does not comply with the accreditation criterion. The school needs to prepare longer-term business plans with associated financial models that show the strategies to be employed to ensure the school's financial future.

6. SCHOOL'S EDUCATIONAL PROGRAM AND STUDENT WELFARE PROCESSES

6.1 Statement of Philosophy and Aims (Division 3: Section 6 Regulation)

Section 6(1) of the Regulation states that a school must have a written statement of philosophy and aims adopted by its governing body that is used as –

- (a) The basis for the school's educational program; and
- (b) A guide for the school's educational and organisational practices.

The Memorandum and Articles of Association contain a statement of philosophy and aims of the corporation and, thereby, of the school. The statement appears broadly consistent with the Adelaide Declaration on National Goals for Schooling in the Twenty-first Century. The statement of philosophy and aims is not widely published in documents in complete form, but there has been a trend among teachers to include a statement consistent with it in the Introduction to each Work Program produced for the QSA. Recently, also, a Vision Statement has been prepared for the school and it appears in several locations on the campus. Teachers interviewed seemed committed to the Vision statement and prepared to endeavour to fulfil its requirements.

The Statement of Philosophy and Aims in conjunction with the new Vision Statement are appropriate and adequate documents and satisfy the accreditation criterion.

6.2 Educational Program

(Division 3: section (7) Regulation)

Section 7 of the Regulation provides, inter alia, that the school must have a written educational program that has regard to the ages, abilities, aptitudes and development of the school's students and the program must enable the students to at least achieve "*Queensland standards of learning or standards of learning comparable to Queensland standards of learning*".

The school produced its first set of Year 12 graduates in 2002. The OP results were commendable and the teachers and Board members were very proud of the results. Examination of the curriculum documents revealed a high level of compliance with QSA requirements. All work programs have QSA accreditation. Examination of student portfolios showed appropriate levels of intellectual demand of students and achievement by them. There are facilities designed to provide vocational education and training courses and they are being used for these purposes. Several students have been successfully placed in school-based traineeships.

The school staffing structure provides for pastoral care through class teacher roles, a House system and a Student Services section. All of these provisions were observed to be in existence and functioning effectively. Interviews with teachers and Heads of House revealed them to be caring professionals with a shared commitment to the welfare of children in their care. The Student Services provisions were commendable in such a young school, with both remediation and extension programs, including detailed individual learning profiles for each student in the programs. The layout of the School campus facilitates wheelchair access.

All students are required to have the approved Student Diary. Here are listed many of the routine rules, regulations, and policies of the school. A Teachers' Handbook is supplied to all teachers and contains similar but more extensive detail.

It was concluded that the educational program of the school was most satisfactory. The school's educational program provided to students is sound and is being managed by competent, committed teachers. In our opinion, the school is complying with the accreditation criterion.

6.3 Health, safety and conduct of staff and students
(Section 10 Regulation)

6.3.1 Workplace Health and Safety

Section 10(1) of the Regulation provides that a school must have written processes about the health and safety of its staff and students that accord with relevant workplace health and safety legislation.

There is a Health and Safety Committee that meets regularly. There is a Workplace Health and Safety Officer. Written documentation, policy statements, and compliance logs, especially those pertinent to Australian Standards, were not readily available at time of inspection. However, a CD containing the following policies was subsequently provided:-

- Behaviour management;
- EBA (staff conflict of interest, anti-bullying, sexual harassment),
- Emergency management;
- Excursions;
- First aid;
- Outside school hours care;
- Security;
- Staff handbook; and
- Student welfare.

We are satisfied that the policies accord with the relevant workplace health and safety legislation and therefore comply with the accreditation criterion.

6.3.2 Care and Protection of Children

Sections 10(2) to (8) require that the school have in place a policy and procedures for the care and protection of children from harm. In addition, the processes must be readily accessible by the staff and students and provide for how the staff and students are to be made aware of the processes.

The school does have a Child Protection Policy, the scope of which conforms with the Act, with the exception that it is limited to incidents between teachers and students. This limitation appears to constrict the scope of definition of 'harm' as specified in section 3 of the Regulations.

A second shortcoming is the fact that the policy has not been widely disseminated within the school or to parents. Teachers and those in administration claim not to have ever seen the policy document and so were not aware of its contents or the procedures to be followed in the event of suspected or actual harm to students. Staff members appear not to have been provided with in-service education about the policy.

It is a requirement of the Act that the policy statement be readily accessible to staff and students and that written processes provide for how staff and students are to be made aware of the processes to be followed when abiding by the policy.

In our opinion there are inadequacies with the scope of the school's Child Protection Policy.

We consider the school is not complying with the criteria relating to the health, safety and conduct of staff and students.

7. SCHOOL'S RESOURCES

(Division 4 Regulation)

7.1 Staffing

(Section 11 Regulation)

Section 11 of the Regulation provides that a school must have a sufficient number, and appropriate types, of staff necessary for the effective delivery of the school's educational program.

Teachers are appropriately qualified for the duties being undertaken and the requirements of the Board of Teacher Registration appear to be met with respect to current registration. The number of teachers is appropriate to the educational program but the role of the teacher-librarian in the secondary school is severely curtailed by requiring the person to carry a large teaching load of four classes (more than one-half of a full teaching load). The result is that strategic planning and effective management duties in the library are restricted due to a lack of time. There is a need to address this matter in the short term to ensure an effective library and information services provision to teachers and to students. As reported by the Head of English, a significant academic department in the school,

'the impacts upon the delivery of the senior curriculum areas of English and the Humanities areas are severe and adverse. Teachers within these areas have managed admirably to supplement their teaching with the purchase of their own resources or by going to extraordinary lengths to borrow resources from colleagues elsewhere. Despite these best efforts, access of students to a wide range of resources and an appropriately resourced library has not occurred.'

There is a shortage of teachers' aides and administrative support staff in the school in comparison with benchmarks for non-government schools employed by the Block Grant Authority. In the Junior School, for example, the percentage of teacher aides for the number of classes is less than 16% compared to the expected range in similar schools of 30-35%. In the secondary school, teacher support staff members are in extremely short supply. As a result, teachers in both the secondary and primary sections of the school are carrying heavy workloads. The same is true for some administration staff members. The Student Receptionist, for example, carries additional responsibility for managing first aid, caring for students who are sick, contacting parents, maintaining attendance records, ordering stationery and stores, and booking buses, all in addition to her duties at the Student Service Desk: a busy job in its own right. She indicated that she does not get any assistance, even when she needs to go to the toilet. On such occasions the student reception area is unmanned. Other staff members carry similar heavy workloads.

The school is fortunate to have committed staff willing to make such sacrifices, but there is a need to ensure that the health and wellbeing of staff members is foremost in staffing policy decisions.

While the school has sufficient, adequately qualified teaching staff, there is a lack of teacher aides and administrative support. Therefore, in our opinion, the school is not complying with this criterion.

7.2 Land and Buildings (Section 12 Regulation)

Section 12 of the Regulation provides that a school must comply with relevant land use, building, and workplace health and safety, legislation in relation to the location of the school and its buildings.

We believe the school has complied with the relevant land use, building, and workplace health and safety legislation in relation to the location of the school and its buildings.

However, according to the Chairman, the local Council has a requirement that the school have an external exit to the site in the case of emergencies. This cannot be achieved without acquiring additional land. A lease was taken over adjoining land, along with an option to buy. The lease payment of \$65,000 per annum seems extremely high for undeveloped land. A recent valuation has confirmed that the land has a value in excess of the option purchase price. Acquiring the land would thereby provide additional equity to the school, with some possibility of the bank releasing one or more of guarantees, or allowing the Board to renegotiate the terms of current loans to yield a lower rate of interest. It is not established at this time that the bank will be prepared to extend further loan funds or, if so, under what conditions.

In the near future, the Board may need to borrow a further \$500,000 approximately for land costs, with considerable additional road development costs, to create an external exit to the site.

There is a related problem in that the Council cannot be assumed to permit exit from the school site in the area proposed because of likely impediments on the quiet enjoyment of existing residents in the street where the traffic discharge would occur.

Therefore, although the school is currently making arrangements for the second access for emergencies, this access is not in place at this point in time, and given the possibility of objections it is not possible to make a decision on this criterion at this stage.

7.3 Educational facilities and materials (Section 13 Regulation)

Section 13 of the Regulation provides that a school must have the educational facilities and materials necessary for the effective delivery of the school's educational program.

The school has made a significant commitment to information technology and is well provided with computers for student and staff use. The annual financial lease commitments are considerable to sustain this provision.

There is serious neglect of the other main information source, library resources, especially in the secondary school. The location used for the secondary library is a large classroom, half of which is used for computer access. In place of a custom built facility, the provision is quite inadequate; a situation that may be tolerated in a developing school for

a short time to accommodate master plans. The prevailing situation at the school appears more long-term, with any change, according to the Directors, unlikely before 2006.

The Secondary School collection at May 2003 (as noted above) included 4,273 resources of all types, not including computer based ICT databases or www access resources.

Standards recommended by the Australian Librarians Association for a foundation collection for a school with 461 secondary students, is a total of 10,454 resources. The school has less than 41% of the recommended minimum holdings without considering the age of the school's holdings. The recommended foundation collection is for an up-to-date collection with an average age of resources of less than 10 years.

The size of the book and periodical collection is inadequate for a school offering Year 12 courses and there is no evidence of a serious financial intention to rectify this situation. Even for a relatively new school it is obvious that there has not been a commitment to the provision of adequate library or other research resources. Teachers report that they have attempted to compensate for this shortcoming by providing their own resources, or borrowing them from other schools, in order to ensure that their students are not short-changed by an inability to access needed resources.

Budgeted and actual spending on educational resources has fallen in each of the past three years (with the 2003 being budget figures only at this time) whilst enrolments have been increasing annually in that period. However, the board, on request of the co-principals, recently provided an additional \$43,000 for needed resources.

Teachers in the Junior School reported that they had exhausted the year's allocation of coloured paper for student use by the end of term 1 and that there is a serious lack of literacy and numeracy resources for the classes. All interviewed stated that they were purchasing resources from their own incomes.

It is a standard budgeting principle that a school should match its enrolment growth with equivalent levels of spending on educational resources. At SCGS, however, departmental budgets have been reduced in 2003 with some departments struggling to provide even minimal levels of student resource needs. Music and Art are cases in point, among others, where budget allocations are so minimal as to call into question the capacity of teachers to continue to provide a meaningful program of studies. For example, the Art Department budget declined from \$26,000 in 2001 to \$19,000 in 2003 despite an increase in student numbers. The budget allocation for the Junior School decreased from \$104,000 in 2002 to \$62,000 in 2003, \$10,000 of which was earmarked for payment to the Head of Support Services. The net result was \$52,000 for the needs of 512 students and 35 staff.

There has been an erosion of school resource spending in past years, other than in information technology resources where the school is well provided. The consequence of underspending is that the stock of resources in several areas, particularly in the secondary school, is below minimum acceptable levels. These circumstances can be tolerated only in the very short term before significant consequences result for the school's educational program.

In our opinion, the school does not have sufficient educational facilities and materials (library facilities and resources) necessary for the effective delivery of the educational program and does not meet the criteria.

8. SCHOOL'S IMPROVEMENT PROCESSES

(Division 5 Regulation)

Section 14 of the Regulation requires schools to have systematic procedures to ensure that strategies and outcomes are monitored in order that goals might be achieved. Commonly in schools these improvement processes are contained within Strategic Plans, Business Plans, and Annual Reports. Strategic Plans may cover a spread of years, with five and ten year models being the most common. Business Plans may relate to the same period as the Strategic Plans but there should be an annual Business Plan supporting the budget for the current year. Annual Reports exist to provide stakeholders with details of how well the school met the intentions of the Plans. All of these documents should be written and, variously, should be available to selected stakeholder groups within the school community. The common object in schools is to achieve a degree of 'transparency' about school plans, intentions, and the strategic decision-making that occurs.

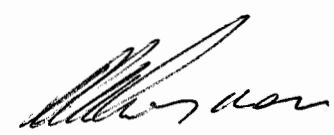
This understanding of planning and communication is largely missing in the operations of Sunshine Coast Grammar School. No evidence was provided of any explicit planning documents or written rationale for patterns of operations during school visits, despite being requested in the original letter sent to the school Board and reiterated during visits of the assessors. Subsequently a Master Plan document was provided as outlined above in the section entitled, '*Strategic Planning for Capital Development*'.

Members of the School Board appear well intentioned, but their efforts to communicate the reasons for decisions to the school community and to those charged with the responsibility of carrying them out have not proven successful.

It is not the practice of the Board to publish Annual Reports for the school community. There is a School Magazine, but this is not a report on progress towards key performance indicators. The school holds an obligation under the Accreditation Regulations to provide annual reporting to the school community about the achievement of improvement strategies. To some degree this is addressed in Speech Day reports but there appears no attempt to provide consistent sets of identifiable indicators of school performance over time.

We conclude that the school is not currently conforming to the requirements of the accreditation criterion regarding school improvement processes.


Dr Murray Evans


Mr Donald Langdon

PARSONS, Patrick

From: Don.Langdon@hallchadwick.com
Sent: Monday, 18 August 2003 6:11 PM
To: PARSONS, Patrick
Cc: mevans@somerville.qld.edu.au
Subject: SCGS

Hello Patrick

Attached are the final reports for distribution to the Board.

Please call me if you have any questions.

Regards Don

Don Langdon
Partner - Corporate Services and Audit
Hall Chadwick
Chartered Accountants & Business Advisers

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RECORDS AWAY
19 AUG 2003

REPORT TO NON-STATE SCHOOLS ACCREDITATION BOARD

ON

SUNSHINE COAST GRAMMAR SCHOOL

COMPLIANCE WITH ACCREDITATION CRITERIA

Released under the
RTI Act by DET

PREPARED BY

DR MURRAY EVANS

&

MR DONALD LANGDON

18 AUGUST 2003

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1. PURPOSE STATEMENT

The purpose of this report is to assess and provide an opinion on the standard of Sunshine Coast Grammar School's (the school's) compliance with the criteria for accreditation (see 2 below).

The Non-State Schools Accreditation Board (NSSAB) appointed Dr Murray Evans, Principal Somerville House, and Mr Donald Langdon, Partner Hall Chadwick Chartered Accountants as joint assessors who have prepared this report.

The assessors visited the school on three occasions: 16, 21 and 27 May 2003 for the purposes of conducting the assessment. Prior to these visits on 2 May 2003, the assessors wrote to the school and provided a list of the information and documents required for the investigation. In conducting their investigation the assessors reviewed the financial, organisational and educational material provided and undertook interviews with the following people:

- All board members either in person or by telephone;
- The Co-Principals;
- Finance Manager;
- Manager-Administration;
- Student Co-ordinator and Heads of House;
- Groups of primary and secondary teachers (including a number of groups randomly selected from the staff listing by the assessors); and
- A group of administration and finance staff.

The assessors advised all interviewees that the confidentiality of any comments made or views expressed would be maintained as far as possible but that the assessors could not ensure continued confidentiality after their final report was submitted. All interviewees accepted these conditions.

Since the assessors' school visits there has been considerable action from members of the school board. Many emails have been sent to the assessors, with indications that various perceived omissions were being rectified. A compilation of policies has been developed and supplied on CD, an updated version of the original plan for the school has been prepared and sent, and explanatory information provided in response to matters raised on-site by the assessors. Some of this information has been financial, reconciling identified variations, and some educational, for example, explanations of factors leading to changes in the LOTE program with consequent staff losses.

There remain shortcomings in some of what has been provided subsequently and these matters have been referred to in the appropriate sections of our report.

2. SUMMARY OF FINDINGS

Overall, we have concluded that there needs to be a number of significant changes for the school for full compliance with the accreditation criteria. Our conclusions with respect to each of the accreditation criteria are as follows:

2.1 The school's financial viability

Section 5 Education (Accreditation of Non-State Schools) Regulation 2001

It is not evident that the school has the capacity to supply educational services to the standards promoted in the school prospectus and in regular communications to the school community within the timeframes consistent with the strategic business plans and reasonable community expectations.

In our opinion, at the present time, the school does not have access to adequate financial resources for its viable operation and therefore does not comply with the accreditation criterion.

2.2 The school's educational program and student welfare processes

Division 3 Education (Accreditation of Non-State Schools) Regulation 2001

Section 6 – The Statement of Philosophy and Aims in conjunction with the new Vision Statement are appropriate and adequate documents and satisfy the accreditation criterion.

Section 7 – The school's educational program provided to students is sound and is being managed by competent, committed teachers and is complying with the accreditation criterion.

Section 10(1) – Written documentation, policy statements, and compliance logs relating to health and safety of staff and students were not readily available at the time of inspection. However, a CD containing the relevant written processes has subsequently been provided. The written processes comply with the accreditation criterion.

Section 10(2) – There are inadequacies with the scope of the school's Child Protection Policy. In our opinion, the school is not complying with the criteria relating to the health, safety and conduct of staff and students.

2.3 The school's resources

Division 4 Education (Accreditation of Non-State Schools) Regulation 2001

Section 7 – While the school has sufficient, adequately qualified teaching staff, there is a lack of teacher aides and administrative support. Therefore, in our opinion, the school is not complying with this criterion.

Section 12 (Land and Buildings) – We are unable to make a decision on compliance with this criterion (given that the school is currently making arrangements for the second access site for emergencies, in accordance with Council requirements at present).

Section 13 – In our opinion, the school does not have sufficient educational facilities and materials (library facilities and resources) necessary for the effective delivery of the educational program and does not meet the criteria.

2.4 The school's improvement processes

Section 14 Education (Accreditation of Non-State Schools) Regulation 2001

The school is not currently conforming to the requirements of the accreditation criterion regarding school improvement processes. The areas of concern are as follows:-

- The strategic and business plan documents provided by the school were incomplete and not up to date;
- Other than the monthly financial reports and statutory reporting, there is no overall monitoring and reporting of achievements and indicators identified in the strategic and business plans; and
- There is no effective regular communication to the various stakeholder groups within the school community of the school's performance as required under the accreditation criterion.

3. BACKGROUND

3.1 Location

Sunshine Coast Grammar School is a P-12, co-educational, independent school located at Forest Glen on the Sunshine Coast.

3.2 Accreditation/Funding Status

Sunshine Coast Grammar School was granted primary non-state school status from 1 January 1997; and preschool and secondary non-state school status from 1 January 1998.

School in receipt of funding status for Years 1 to 7 was approved from 1 January 1997 and funding for the preschool year and Year 8 was granted from 1 January 1998. School in receipt of funding status for Years 9, 10 and 11 were approved from 1 January 1999, 1 January 2000 and 1 January 2001 respectively.

The transition provisions of the *Education (Accreditation of Non-State Schools) Act 2001* automatically granted full school in receipt of subsidy status for the Preschool Year to Year 12 on 1 January 2002 for the school.

3.3 Enrolment Profile

The school commenced in 1997 as a primary school with enrolments in all year levels. A Year 8 enrolment was introduced in 1998, progressing to the first Year 12 group in 2002. The initial enrolment was 250 students, rapidly escalating to the current enrolment of approximately 1,040 students. Enrolments reported in the February State census summarise as follows:

YEAR	ENROLMENT NUMBERS
1999	764.0
2000	904.0
2001	969.0
2002	1,026.0
2003	1,037.0

At the close of the 2002 school year, student enrolments had decreased by 166, additional to the Year 12 exiting class. Despite this additional loss of enrolments, the school commenced the 2003 school year with 1,040 students. This enrolment level is 210 students below the expectations of the original feasibility study.

3.4 Corporate Structure/Ownership

A search of the ASIC records and the corporate records indicate the following:

- (a) The governing body is a private family company limited by shares. There are 401 shares all of which are held by the [s47(3)(b)] family (400 [s47(3)(b)] and 1 [s47(3)(b)]
- (b) [s47(3)(b)] is the permanent Governing Director (i.e. until death, retirement or resignation), however at this point in time he has been forced to relinquish his role as he currently does not have the legal capacity to act as a Director under the Accreditation Act.
- (c) In addition to [s47(3)(b)] there are four directors:-
- . Mr Malcolm McComb (solicitor),
 - . Mr Ross Johnston (chartered accountant),
 - . Mr William Brewer (retired bank manager); and
 - . Mr Stephen Beebe (chartered accountant).

- (d) The Chairman is Malcolm McComb, a position held since [s47(3)(b)] stood down.

There are appropriate "not for profit" clauses in the Memorandum of Association and the Articles of Association and the company has been approved by the ATO as a tax exempt body. The authority to appoint directors and to change the Memorandum and Articles of Association resides with the owners.

3.5 Funding History (State and Commonwealth)

(Data provided by the Office of Non-State Education, Grants and Allowances Payments System, as at 1 August 2003)

State Recurrent Grant Payments

1999	\$731,465
2000	\$907,186
2001	\$1,079,935
2002	\$1,253,343
2003 to date	\$968,886

Commonwealth Recurrent Grant Payments

2001	\$891,082.50
2002	\$3,131,577.99
2003 to date	\$2,551,904.10

Capital Assistance

Year	Project	Total Project Cost	State Assistance	Commonwealth Assistance
1999	Construction of nine general learning areas, extension of the staff room, covered walkways and conversion of one general learning area	\$1,185,200	\$146,700	\$117,500
2000	Construction of Library/Resource Centre, site works and furniture	\$1,368,500	\$215,800	\$172,700
2001	Headworks charges	\$46,198	\$23,099	Nil

3.6 Major Lender

From the financial records of the school and discussions with the directors, financial support has been through the Commonwealth Bank, with security over land and buildings, and with additional personal guarantees from the shareholders and three individuals.

The directors have also advised that the school's borrowing arrangements are closely monitored by the CBA. This is a constraint upon short-term future development of the site and its buildings.

3.7 Financial Information

3.7.1 Historical Financial Data

The financial statements from 2001 and 2002, together with the management financial reports for December 2002 and 2003 show the following:

Financial Performance	2002 \$	2003 \$	2001
Revenues from ordinary activities	10,326,787	8,646,253	
Expenses from ordinary activities			
Employee salaries & related costs	(6,505,679)	(5,100,098)	
Depreciation & amortisation	(550,998)	(521,093)	
Borrowing costs	(983,228)	(899,604)	
Student activities & camps	(630,810)	(428,773)	
Teaching resources	(245,874)	(262,144)	
Caretaking & cleaning	(198,499)	(150,497)	
Professional & legal fees	(151,651)	(93,229)	
Other expenses from ordinary activities	(993,418)	(787,204)	
Profit from ordinary activities before income tax expense	66,640	403,611	
Income tax expense	-	-	
Net profit	66,640	403,611	

Financial Position

Total current assets	212,470	659,302
Total non-current assets	10,923,591	10,982,250
Total current liabilities	2,492,540	2,219,553
Total non-current liabilities	7,406,635	8,251,754
Total interest bearing liabilities	8,632,918	9,368,647
Contributed equity	401	400
Retained profits	1,236,886	1,170,245

Cash Flows

Net cash inflow from operating activities	788,233	1,091,878
Payments for property plant & equipment	(402,186)	(1,834,805)
Capital grants received	228,434	181,183
Proceeds from borrowings	40,000	2,682,000
Repayment of borrowings	(1,193,160)	(894,192)
Net increase (decrease) in cash held	(546,679)	1,227,847
Cash at end of financial year	(86,427)	460,252

The draft audited financial reports of the school for the year ended 31 December 2002 provided to us at the time of our visits to the school also contain statements highlighting concerns regarding the school's ongoing financial operations. They are contained in Note 1B and are repeated below:

Note 1B - ONGOING OPERATIONS

The following risk factors exist in relation to the company's ongoing operations:

- The company has an excess of current liabilities over current assets of \$2,280,070 (2001: \$1,560,251).
- The company had a net decrease in cash held for the financial year of \$546,679 (2001: net increase of \$1,227,847).
- The company has an overdraft limit of \$200,000 and at 31 December 2002 \$86,427 of the facility had been used.
- The company's total interest bearing liabilities at 31 December 2002 were \$8,632,918 (2001: \$9,368,647).
- At 31 December 2002 the company had breached two covenants in respect of their bank facilities. Student numbers at the August 2002 census date were 1,046 compared to the requirement under the loan covenants of 1,120 students. In addition, interest cover for the year was 1.07 compared to the required cover of 1.75.
- There is continued uncertainty in respect of the role of the former director, J W Burgess in the ongoing activities of the school, and in relation to any effect that this may have on future enrolments.

The company's continued operations are dependent on:

- The continuing support of the company's bankers,
- The continuing support of the bank guarantors in respect of bank loans,
- The ability of the company to generate operating cash inflows sufficient to cover its operating cash outflow, interest costs and required debt repayments,

- *The school's ability to attract new enrolments and maintain existing enrolments.*

The following actions and current events mitigate the risks outlined above:

- *Written confirmation has been obtained from the company's bankers that they will not act on any breaches of debt covenants in relation to the existing debt facilities.*
- *As set out in note 21, a new debt facility was negotiated with the company's bankers to replace existing arrangements from 1 March 2003. The interest cover requirement was removed and the student numbers requirements have been reduced to 1020 students for 2003 and numbers determined by an approved budget thereafter. In addition interest rates have been reduced and the company is allowed to offset cash on deposit against the loans to further reduce interest. This can be significant as the school has large cash reserves early in the year and again in July, when school fees and government grants are paid.*
- *A full time enrolments officer was appointed in 2002. At February 2003 student enrolments were 1,060, compared to 1,040 in the 2003 budget.*
- *The school recorded three OP 1 scores in 2002, which is considered to be a significant factor in attracting and maintaining enrolments.*
- *The company has budgeted a basically break-even net cash flows for the 2003 year. The net cash position at the end of February 2003 was \$2.75M, with \$2.9M held on deposit to reduce interest obligations. This was \$66,000 ahead of the budgeted year to date position.*
- *Four staff members were retrenched at the end of 2002 to manage costs.*
- *No major capital projects are budgeted for 2003.*

3.7.2 Directors' Fees

The Directors are entitled to be paid directors' fees under the Memorandum and Articles of Association. They are each in receipt of payment, which has been set at \$20,000 pa each for the 2003 year. This amount represents a 100% increase over 2002.

3.7.3 Remuneration of s47(3)(b) Payments to s47(3)(b) family

Members of the school board have arranged for ongoing remuneration payments to s47(3)(b) by reclassifying elements of financial entitlements and assigning them to other expenditure categories in the financial accounts other than Headmaster's salary. This has been achieved through rearrangement of various payments, outlined below:

1. \$20,000 as part repayment of an undocumented loan of \$28,000 from s47(3)(b) for "pre-opening expenses";
2. \$65,520 as new guarantee payments for loan security provided by the s47(3)(b) family.
3. \$65,000 to the employment of s47(3)(b) to a newly created, full-time position as Manager-Administration from her former part-time employment in the IT section.
4. \$75,000 as an interest-bearing, unsecured loan for six months to s47(3)(b)
5. \$40,000 as accrued salary entitlements of s47(3)(b) from earlier years as Headmaster.

In summary, payments totalling \$265,520 have been made, or are intended to be made to the [s47(3)(b)] family in 2003.

A maintained motor vehicle and payment of the [s47(3)(b)] personal mortgage are additional provisions.

3.7.4 Capital development

The school has undertaken capital development in excess of \$10 million since its inception, with only \$400 contributed equity (shareholders' contributions), plus the amounts received in State and Commonwealth capital grants.

3.8 Deregistration of [s47(3)(b)]

[s47(3)(b)] was the subject of an enquiry by the Board of Teacher Registration. The outcome was a decision to remove his teaching registration. As he also did not have the *Commission for Children & Young People Act 2000* 'blue card' required of individuals serving as members of a school's governing body, he relinquished his role on the board and as Headmaster of the school in November 2002. He lodged an appeal against the decision of the BTR. [s47(3)(b)] appeal against the cancellation of his teaching registration was dismissed. [s47(3)(b)] [s47(3)(b)]

3.9 Appointment of staff and employment conditions/contracts

Although documents relating to the above were requested, they were not provided. Therefore, there does not appear to be any written contract for the appointment of [s47(3)(b)] to the position of Headmaster, nor for the other members of the school's senior executive.

The board has engaged in the preparation of contracts for the Co-Principals, at their request, but the process is still not complete more than six months since they took up office.

3.10 Professional fees to directors

The financial records and audited financial reports indicated that at least two directors (Malcolm McComb and Stephen Beebe) derive substantial fees for services provided to the school, additional to their directors' fees. One director (Ross Johnston) is a former partner of the school's audit firm.

The Chairman's firm provides solicitor services to the school and that the fees for service increased from \$22,039 in 2001 to \$59,811 in 2002, returning to \$24,000 in the budget for 2003.

Stephen Beebe provides accounting and financial advisory services to the school. The fees paid for these services amounted to \$63,318 for 2002 and \$62,797 for 2001.

3.11 Strategic/Business Plans

A Strategic Plan for Building Development 2002 – 2014 was provided to the assessors subsequent to their school visits. Although mention is made in the document of a

Financial Strategic Plan and a 10 Year Master Strategic Plan neither of these documents have been supplied to the assessors despite being requested originally in writing.

3.12 Land, Buildings and Facilities

The school site is an attractive one, aesthetically pleasing and spacious. It has shortcomings typical of many new schools with first stage quality buildings and grounds requiring further development. Despite this, the school has the needed space to match its aspirations. The existing permanent buildings are in acceptable condition and seem adequate in size.

The overall growth of the school has been rapid, despite the directors' belief that fee levels are on the high side in comparison with other independent schools in the area. This fact would indicate a high level of community acceptance of the school because enrolments have matched projected expectations, until the current year. A negative consequence of the rapid growth has been difficulty in providing buildings within the time frames envisaged in the original feasibility study, and as announced to the school community on several occasions.

A significant concern is the presence on site of 11 transportable classrooms, some of which have been used for senior classes and for Drama. It is generally held in developing schools that such buildings should be for short-term use only, and in limited numbers. The current financial state of the school suggests that they will be in place for several years hence although the rental charges are in the vicinity of \$120,000 per annum. Director, Stephen Beebe, is of the view that an annual saving of this amount would not be sufficient to finance permanent replacement buildings.

The school has made a significant commitment to information technology and is well provided with computers for student and staff use.

According to the School Librarian, the Secondary School collection at May 2003 was as follows:

Teacher Reference	1,139
Reference	229
Non Fiction	1,294
Fiction	1,059
Senior Fiction	141
TOTALS	3,862
Audio Visual	187
Videos	224
TOTALS	411

In total, then, there are 4,273 resources of all types, but not including computer based ICT databases or www access resources

Information extracted from the school's financial reports show the following:

Teaching Resources	2001	2002	2003
Budget	257,000	245,500	214,000
Actual	262,144	245,874	68,633 (to June)

4. CRITERIA FOR ACCREDITATION

The pertinent statutory clauses for the assessment of a school's accreditation status are *Section 9 of the Education (Accreditation of Non-State Schools) Act 2001* and *Divisions 1-5 of the Education (Accreditation of Non-State Schools) Regulation 2001*.

Section 15 also is relevant, declaring that, for the *Commission for Children and Young People Act 2000*, part 6, a person is taken to be a person carrying on a regulated business under the Act by being a director of the governing body of an accredited school. This requirement means that each director must hold a criminal clearance (a current 'blue card') to continue to serve as a Director.

Section 11 of the Act requires that the governing body of an accredited school must be a corporation.

The criteria identified for investigation were the following:

- (a) the school's financial viability
- (b) the school's educational program and student welfare processes
- (c) the school's resources
- (d) the school's improvement processes

Each criterion will be addressed in this report.

5. SCHOOL'S FINANCIAL VIABILITY (Division 2: section 5 Regulation)

Section 5 of the Regulation provides that:-

"A school must have access to adequate financial resources for its viable operation".

5.1 Recurrent Operations

In 2001 the school made a surplus on recurrent operations of \$403,611 after depreciation of \$521,093. This was a useful surplus that, with outcomes from other financial periods, allowed a significant level of retained profits to be built up. Although an addition to buildings had been announced and communicated to the school community for 2001, it did not commence.

In 2002 the school experienced significant financial problems and recorded a surplus of \$66,640 after depreciation of \$550,988. This was caused by a lower enrolment than budgeted, over budget expenditure on operating costs of approximately \$270,000 including unbudgeted redundancy payments of nearly \$100,000, and over budget legal costs of \$41,168 including the fees associated with the advice to the school on the s47(3) case. Principal repayments of approximately \$1.2 million were made on school loans, seemingly as a requirement of the CBA. The result was a very tight cash flow situation by the end of 2002. In fact cash resources fell by \$546,679 over the financial year to an overdraft of \$86,427 at year-end. Buildings supposedly to commence in 2002 were deferred, according to the Directors, until as late as 2006 at the earliest.

In 2003 the school has budgeted for a recurrent surplus of \$608,115 after depreciation of \$597,149. The surplus has been achieved by cutting several areas of expenditure, notably classroom and other resources to support the educational program, and the employment of first year, or relatively inexperienced young teachers is planned to attain the intended outcome. These decisions have led to some agitation among teachers as reported by them in interview. Over the three-year period, 2001-2003, budgeted and actual expenditure for educational resources has decreased annually despite increased enrolments. The end product is lower expenditure per student on these resources.

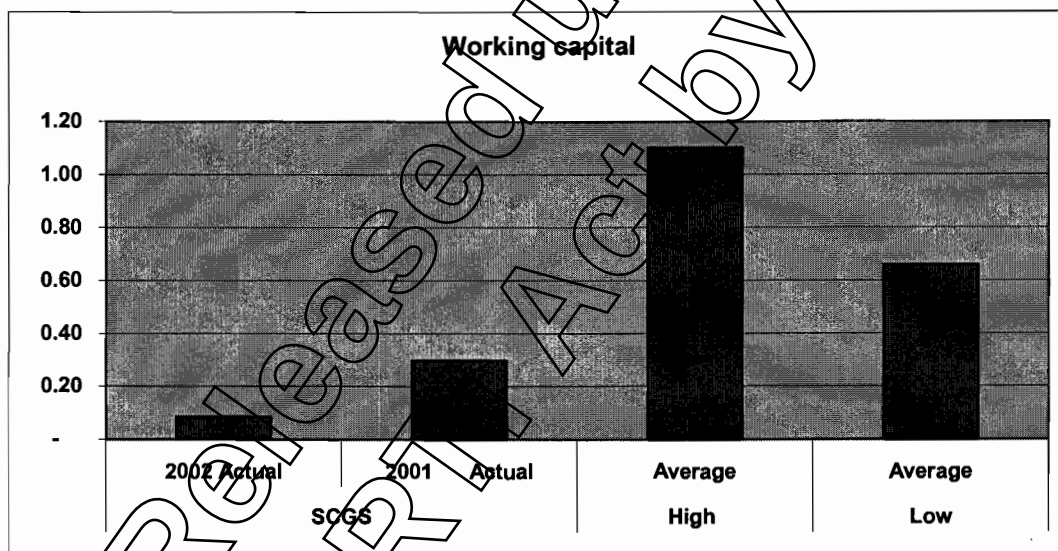
The school's financial viability in 2003 has been eroded by particular intended costs which include \$80,000 for Directors' fees (a 100% increase over 2002 payments), \$22,000 plus fees remissions to support loan guarantees provided by various people, \$65,000 annual lease fee over vacant and unused adjoining land, and the payments and loans to s47(3)(b) amounting to \$265,520 enumerated later.

5.2 Financial Position

The current debt per student is in excess of \$8,000, which is not unreasonable for a school in its current stage of development.

The position of the school against a number of key industry benchmarks clearly indicates the position.

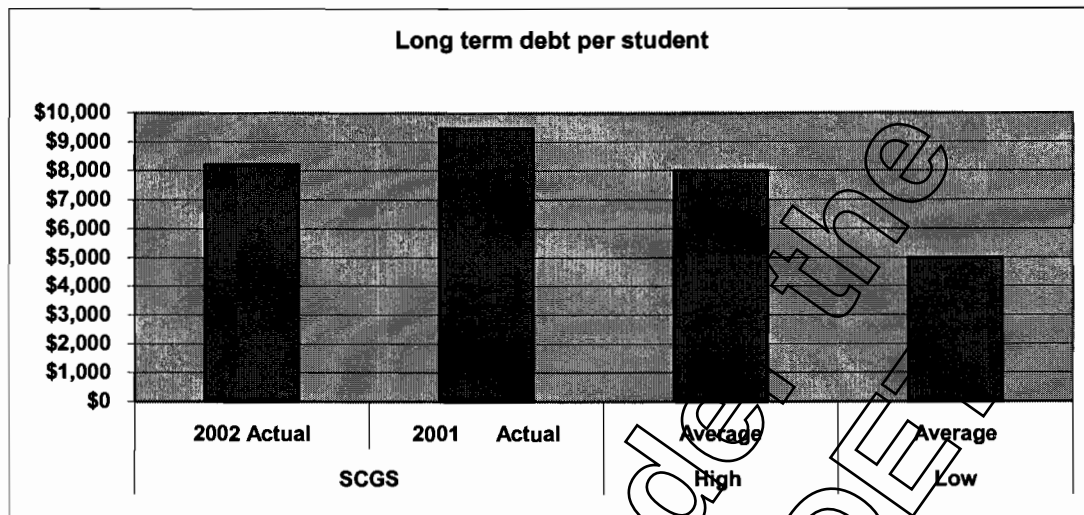
Current ratio



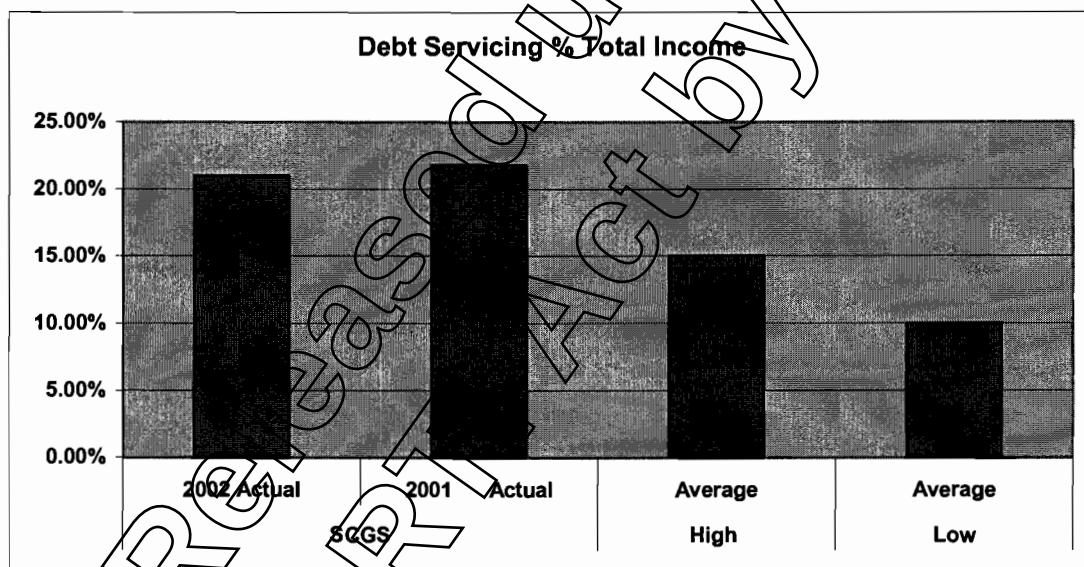
The importance of this ratio is that it shows the capacity of a school to pay its debts as and when they fall due. The ratio compares the level of current assets available to meet current liabilities. A ratio of 1 is regarded as sound. The operational activities for independent schools are very much contained within discrete annual periods. As such, there is an expectation that at the end of each financial year there will be sufficient current assets (cash, receivables, inventory and short term investments) available to meet the existing current liabilities, in particular, payables, provisions and other current liabilities (fees in advance).

As can be seen from the graph above there is a substantial shortfall in the amount of current assets available. This means that future cash flows will have to be allocated to cover the previous year's debts. The future cash flow could come from future operating surpluses or additional borrowings. However, the school has not prepared longer-term financial models that show how these funding issues will be handled.

Debt per Student



Debt Service Requirements to Total Income



These two graphs analyse the current long-term debt position of the school. At 31 December 2002, the debt per student amounted to \$8,222 having reduced from \$9,463 at 31 December 2001. In our opinion this level of debt compares favourably with schools at a similar stage of development and is not cause for undue concern.

The next graph shows that debt-servicing requirements consume approximately 21% of total revenue. This is 6% to 11% (\$600,000 to \$1,000,000 in cash flow terms) over the benchmarks used by the Block Grant Authority as indicators of sound school management. This is a cause for major concern given the school's current stage of development.

5.3 Directors' Fees

The payment of directors' fees for school board membership is most uncommon. Comments made during interviews and in correspondence received indicate that these payments are perceived by many in the school community as an outflow of funds that could be spent on school needs. The Chairman of the board and other directors have contended that these payments are justified by virtue of the workload of the board members, which they claim to be excessive in comparison with other schools.

The board members are under pressure due to the circumstances of 2002 which led to the loss of the Head of School, public disquiet and intense media pressure, significant cash flow difficulties resulting from a lack of support by the CBA, the schools primary financier, and its insistence on large loan repayments. Because there are only four Directors, each is required to carry a heavy workload at this time in the interests of performing their duties.

5.4 Remuneration of [s47(3)(b)]

The issue of remuneration for [s47(3)(b)] is a significant one in SCGS. It would appear that remuneration is still being directed to [s47(3)(b)] even though he has been stood down from his position.

There does not appear to be any written contract for the appointment of [s47(3)(b)] to the position of Headmaster. In the absence of a contract of employment for him, it is difficult to confirm his actual entitlements, although the board members appear to have proceeded on the assumption that such details are known to them.

In summary, payments totalling \$265,628 have been made, or are intended to be made to the [s47(3)(b)] family in 2003

With respect to the payments to the [s47(3)(b)] family we make the following comments:

1. In the absence of a written contract of employment we were unable to verify the veracity of any payment to [s47(3)(b)] certified as being unclaimed remuneration from 2002 or prior years. Also the payment of amounts to [s47(3)(b)] relating to unpaid salary entitlements from previous years is difficult to confirm in the absence of a written contract of employment and the lack of any record of accrued salary entitlements of [s47(3)(b)] in the school's financial reports.
2. The decision was made in 2003 to pay loan guarantee fees to [s47(3)(b)] [s47(3)(b)]
3. [s47(3)(b)] was promoted in 2003 from a part-time position in the school's information technology section to the full-time position of Manager—Administration.
4. [s47(3)(b)] has been provided with an unsecured loan. Members of the board advise that this loan was made on the basis that it represents an advance payment against the estimated redundancy payout for [s47(3)(b)] should his appeal against the Board of Teacher Education decision be unsuccessful.

5.5 Strategic Planning for Capital Development:

The school has undertaken capital development in excess of \$10 million since its inception, with only \$400 contributed equity (i.e. shareholders' contributions), plus the amounts received in State and Commonwealth capital grants. The current debt per student is in excess of \$8,000, which is not unreasonable for a school in its current stage of development, but in association with high debt servicing arrangements, has led to an inability to proceed with advertised and promised capital developments in the immediate future.

The school is highly dependent for its continuing viability upon maintaining or improving current enrolment levels next year. The experiences of the second half of 2002 coupled with the current uncertainty surrounding the status of s47(3)(b) leads to uncertainty about the school's capacity to continue to attract clients without further capital commitments and a resolution acceptable to the school community of the s47(3)(b) case.

A Strategic Plan for Building Development 2002 – 2014 was provided to the assessors subsequent to their school visits. Although mention is made in the document of a Financial Strategic Plan and a 10 Year Master Strategic Plan neither of these documents have been supplied to the assessors despite being requested originally in writing. With these deficiencies, the Strategic Plan for Building Development 2002 – 2014 is only part of an incomplete set of planning documents.

The current situation for the school is that its capacity to meet legitimate expenses, plus other intended outlays, is perilous, without causing serious erosion to the educational program and the building program of the school. In addition, without significant restructuring of long-term borrowings and evidence of sustained and increased enrolment trends, the school's long-term financial and educational outlook is uncertain.

In our opinion, at the present time, the school does not have access to adequate financial resources for its viable operation and therefore does not comply with the accreditation criterion. The school needs to prepare longer-term business plans with associated financial models that show the strategies to be employed to ensure the school's financial future.

6. SCHOOL'S EDUCATIONAL PROGRAM AND STUDENT WELFARE PROCESSES

6.1 Statement of Philosophy and Aims (Division 3: Section 6 Regulation)

Section 6(1) of the Regulation states that a school must have a written statement of philosophy and aims adopted by its governing body that is used as –

- (a) The basis for the school's educational program; and
- (b) A guide for the school's educational and organisational practices.

The Memorandum and Articles of Association contain a statement of philosophy and aims of the corporation and, thereby, of the school. The statement appears broadly consistent with the Adelaide Declaration on National Goals for Schooling in the Twenty-first Century. The statement of philosophy and aims is not widely published in documents in complete form, but there has been a trend among teachers to include a statement consistent with it in the Introduction to each Work Program produced for the QSA. Recently, also, a Vision Statement has been prepared for the school and it appears in several locations on the campus. Teachers interviewed seemed committed to the Vision statement and prepared to endeavour to fulfil its requirements.

The Statement of Philosophy and Aims in conjunction with the new Vision Statement are appropriate and adequate documents and satisfy the accreditation criterion.

6.2 Educational Program

(Division 3: section (7) Regulation)

Section 7 of the Regulation provides, inter alia, that the school must have a written educational program that has regard to the ages, abilities, aptitudes and development of the school's students and the program must enable the students to at least achieve "Queensland standards of learning or standards of learning comparable to Queensland standards of learning".

The school produced its first set of Year 12 graduates in 2002. The OP results were commendable and the teachers and Board members were very proud of the results. Examination of the curriculum documents revealed a high level of compliance with QSA requirements. All work programs have QSA accreditation. Examination of student portfolios showed appropriate levels of intellectual demand of students and achievement by them. There are facilities designed to provide vocational education and training courses and they are being used for these purposes. Several students have been successfully placed in school-based traineeships.

The school staffing structure provides for pastoral care through class teacher roles, a House system and a Student Services section. All of these provisions were observed to be in existence and functioning effectively. Interviews with teachers and Heads of House revealed them to be caring professionals with a shared commitment to the welfare of children in their care. The Student Services provisions were commendable in such a young school, with both remediation and extension programs, including detailed individual learning profiles for each student in the programs. The layout of the School campus facilitates wheelchair access.

All students are required to have the approved Student Diary. Here are listed many of the routine rules, regulations, and policies of the school. A Teachers' Handbook is supplied to all teachers and contains similar but more extensive detail.

It was concluded that the educational program of the school was most satisfactory. The school's educational program provided to students is sound and is being managed by competent, committed teachers. In our opinion, the school is complying with the accreditation criterion.

6.3 Health, safety and conduct of staff and students
(Section 10 Regulation)

6.3.1 Workplace Health and Safety

Section 10(1) of the Regulation provides that a school must have written processes about the health and safety of its staff and students that accord with relevant workplace health and safety legislation.

There is a Health and Safety Committee that meets regularly. There is a Workplace Health and Safety Officer. Written documentation, policy statements, and compliance logs, especially those pertinent to Australian Standards, were not readily available at time of inspection. However, a CD containing the following policies was subsequently provided:-

- Behaviour management;
- EBA (staff conflict of interest, anti-bullying, sexual harassment);
- Emergency management;
- Excursions;
- First aid;
- Outside school hours care;
- Security;
- Staff handbook; and
- Student welfare.

We are satisfied that the policies accord with the relevant workplace health and safety legislation and therefore comply with the accreditation criterion.

6.3.2 Care and Protection of Children

Sections 10(2) to (8) require that the school have in place a policy and procedures for the care and protection of children from harm. In addition, the processes must be readily accessible by the staff and students and provide for how the staff and students are to be made aware of the processes.

The school does have a Child Protection Policy, the scope of which conforms with the Act, with the exception that it is limited to incidents between teachers and students. This limitation appears to constrict the scope of definition of 'harm' as specified in Part 10 (3) of the Regulations.

A second shortcoming is the fact that the policy has not been widely disseminated within the school or to parents. Teachers and those in administration claim not to have ever seen the policy document and so were not aware of its contents or the procedures to be followed in the event of suspected or actual harm to students. Staff members appear not to have been provided with in-service education about the policy.

It is a requirement of the Act that the policy statement be readily accessible to staff and students and that written processes provide for how staff and students are to be made aware of the processes to be followed when abiding by the policy.

In our opinion there are inadequacies with the scope of the school's Child Protection Policy.

We consider the school is not complying with the criteria relating to the health, safety and conduct of staff and students.

7. SCHOOL'S RESOURCES

(Division 4 Regulation)

7.1 Staffing

(Section 11 Regulation)

Section 11 of the Regulation provides that a school must have a sufficient number, and appropriate types, of staff necessary for the effective delivery of the school's educational program.

Teachers are appropriately qualified for the duties being undertaken and the requirements of the Board of Teacher Registration appear to be met with respect to current registration. The number of teachers is appropriate to the educational program but the role of the teacher-librarian in the secondary school is severely curtailed by requiring the person to carry a large teaching load of four classes (more than one-half of a full teaching load). The result is that strategic planning and effective management duties in the library are restricted due to a lack of time. There is a need to address this matter in the short term to ensure an effective library and information services provision to teachers and to students. As reported by the Head of English, a significant academic department in the school,

'the impacts upon the delivery of the senior curriculum areas of English and the Humanities areas are severe and adverse. Teachers within these areas have managed admirably to supplement their teaching with the purchase of their own resources or by going to extraordinary lengths to borrow resources from colleagues elsewhere. Despite these best efforts, access of students to a wide range of resources and an appropriately resourced library has not occurred.'

There is a shortage of teachers' aides and administrative support staff in the school in comparison with benchmarks for non-government schools employed by the Block Grant Authority. In the Junior School, for example, the percentage of teacher aides for the number of classes is less than 16% compared to the expected range in similar schools of 30-35%. In the secondary school, teacher support staff members are in extremely short supply. As a result, teachers in both the secondary and primary sections of the school are carrying heavy workloads. The same is true for some administration staff members. The Student Receptionist, for example, carries additional responsibility for managing first aid, caring for students who are sick, contacting parents, maintaining attendance records, ordering stationery and stores, and booking buses, all in addition to her duties at the Student Service Desk: a busy job in its own right. She indicated that she does not get any assistance, even when she needs to go to the toilet. On such occasions the student reception area is unmanned. Other staff members carry similar heavy workloads.

The school is fortunate to have committed staff willing to make such sacrifices, but there is a need to ensure that the health and wellbeing of staff members is foremost in staffing policy decisions.

While the school has sufficient, adequately qualified teaching staff, there is a lack of teacher aides and administrative support. Therefore, in our opinion, the school is not complying with this criterion.

7.2 Land and Buildings (Section 12 Regulation)

Section 12 of the Regulation provides that a school must comply with relevant land use, building, and workplace health and safety, legislation in relation to the location of the school and its buildings.

We believe the school has complied with the relevant land use, building, and workplace health and safety legislation in relation to the location of the school and its buildings.

However, according to the Chairman, the local Council has a requirement that the school have an external exit to the site in the case of emergencies. This cannot be achieved without acquiring additional land. A lease was taken over adjoining land, along with an option to buy. The lease payment of \$65,000 per annum seems extremely high for undeveloped land. A recent valuation has confirmed that the land has a value in excess of the option purchase price. Acquiring the land would thereby provide additional equity to the school, with some possibility of the bank releasing one or more of guarantees, or allowing the Board to renegotiate the terms of current loans to yield a lower rate of interest. It is not established at this time that the bank will be prepared to extend further loan funds or, if so, under what conditions.

In the near future, the Board may need to borrow a further \$500,000 approximately for land costs, with considerable additional road development costs, to create an external exit to the site.

There is a related problem in that the Council cannot be assumed to permit exit from the school site in the area proposed because of likely impediments on the quiet enjoyment of existing residents in the street where the traffic discharge would occur.

Therefore, although the school is currently making arrangements for the second access for emergencies, this access is not in place at this point in time, and given the possibility of objections it is not possible to make a decision on this criterion at this stage.

7.3 Educational facilities and materials (Section 13 Regulation)

Section 13 of the Regulation provides that a school must have the educational facilities and materials necessary for the effective delivery of the school's educational program.

The school has made a significant commitment to information technology and is well provided with computers for student and staff use. The annual financial lease commitments are considerable to sustain this provision.

There is serious neglect of the other main information source, library resources, especially in the secondary school. The location used for the secondary library is a large classroom, half of which is used for computer access. In place of a custom built facility, the provision is quite inadequate; a situation that may be tolerated in a developing school for

a short time to accommodate master plans. The prevailing situation at the school appears more long-term, with any change, according to the Directors, unlikely before 2006.

The Secondary School collection at May 2003 (as noted above) included 4,273 resources of all types, not including computer based ICT databases or www access resources.

Standards recommended by the Australian Librarians Association for a foundation collection for a school with 461 secondary students, is a total of 10,454 resources. The school has less than 41% of the recommended minimum holdings without considering the age of the school's holdings. The recommended foundation collection is for an up-to-date collection with an average age of resources of less than 10 years.

The size of the book and periodical collection is inadequate for a school offering Year 12 courses and there is no evidence of a serious financial intention to rectify this situation. Even for a relatively new school it is obvious that there has not been a commitment to the provision of adequate library or other research resources. Teachers report that they have attempted to compensate for this shortcoming by providing their own resources, or borrowing them from other schools, in order to ensure that their students are not short-changed by an inability to access needed resources.

Budgeted and actual spending on educational resources has fallen in each of the past three years (with the 2003 being budget figures only at this time) whilst enrolments have been increasing annually in that period. However, the board, on request of the co-principals, recently provided an additional \$43,000 for needed resources.

Teachers in the Junior School reported that they had exhausted the year's allocation of coloured paper for student use by the end of term 1 and that there is a serious lack of literacy and numeracy resources for the classes. All interviewed stated that they were purchasing resources from their own incomes.

It is a standard budgeting principle that a school should match its enrolment growth with equivalent levels of spending on educational resources. At SCGS, however, departmental budgets have been reduced in 2003 with some departments struggling to provide even minimal levels of student resource needs. Music and Art are cases in point, among others, where budget allocations are so minimal as to call into question the capacity of teachers to continue to provide a meaningful program of studies. For example, the Art Department budget declined from \$26,000 in 2001 to \$19,000 in 2003 despite an increase in student numbers. The budget allocation for the Junior School decreased from \$104,000 in 2002 to \$62,000 in 2003, \$10,000 of which was earmarked for payment to the Head of Support Services. The net result was \$52,000 for the needs of 512 students and 35 staff.

There has been an erosion of school resource spending in past years, other than in information technology resources where the school is well provided. The consequence of underspending is that the stock of resources in several areas, particularly in the secondary school, is below minimum acceptable levels. These circumstances can be tolerated only in the very short term before significant consequences result for the school's educational program.

In our opinion, the school does not have sufficient educational facilities and materials (library facilities and resources) necessary for the effective delivery of the educational program and does not meet the criteria.

8. SCHOOL'S IMPROVEMENT PROCESSES

(Division 5 Regulation)

Section 14 of the Regulation requires schools to have systematic procedures to ensure that strategies and outcomes are monitored in order that goals might be achieved. Commonly in schools these improvement processes are contained within Strategic Plans, Business Plans, and Annual Reports. Strategic Plans may cover a spread of years, with five and ten year models being the most common. Business Plans may relate to the same period as the Strategic Plans but there should be an annual Business Plan supporting the budget for the current year. Annual Reports exist to provide stakeholders with details of how well the school met the intentions of the Plans. All of these documents should be written and, variously, should be available to selected stakeholder groups within the school community. The common object in schools is to achieve a degree of 'transparency' about school plans, intentions, and the strategic decision-making that occurs.

This understanding of planning and communication is largely missing in the operations of Sunshine Coast Grammar School. No evidence was provided of any explicit planning documents or written rationale for patterns of operations during school visits, despite being requested in the original letter sent to the school Board and reiterated during visits of the assessors. Subsequently a Master Plan document was provided as outlined above in the section entitled, '*Strategic Planning for Capital Development*'.

Members of the School Board appear well intentioned but their efforts to communicate the reasons for decisions to the school community and to those charged with the responsibility of carrying them out have not proven successful.

It is not the practice of the Board to publish Annual Reports for the school community. There is a School Magazine, but this is not a report on progress towards key performance indicators. The school holds an obligation under the Accreditation Regulations to provide annual reporting to the school community about the achievement of improvement strategies. To some degree this is addressed in Speech Day reports but there appears no attempt to provide consistent sets of identifiable indicators of school performance over time.

We conclude that the school is not currently conforming to the requirements of the accreditation criterion regarding school improvement processes.

Dr Murray Evans

Mr Donald Langdon

18 August 2003

Emeritus Professor Roy Webb AO
Chairperson
Non-State Schools Accreditation Board
PO Box 347
Brisbane Albert Street BC Q 4002

Dear Professor Webb

During the course of our assessment as to whether the Sunshine Coast Grammar School is complying with the accreditation criteria under the *Education (Accreditation of Non-State Schools) Act 2001*, further information that is not specific in our opinion to the accreditation criteria outlined in the Regulations, has come to our attention. This information is set out below for the information of the Accreditation Board.

The further issues are as follows:

Corporate Structure & Financial Viability

The original vision and the subsequent directions taken by the school emanate from its s47(3)(b) [redacted] (until he stood down, he was the only educational specialist on the school's board and these skills have not been replaced. Under the current corporate structure while the ongoing control of the school rests with the Board of Directors of the governing body, s47(3)(b) [redacted] as owner holds ultimate control in that he is able to determine the composition of the board. This creates a dilemma for the current board members, as they must maintain contact with s47(3)(b) [redacted] regarding educational and ownership matters despite declaring their independence from him. This helps to foster the impression that s47(3)(b) [redacted] continues to be a significant influence in the governance of the school in his absence.

However, from interviews we have identified that there is a general perception held, rightly or wrongly, amongst the staff and others that s47(3)(b) [redacted] is still wielding control and effectively managing the school.

Under the existing structure it is almost impossible to refute this perception. If the structure is not addressed this perception has the potential to cause significant damage to the school. For example, as mentioned in our report on the accreditation criteria, at the close of the 2002 school year, student enrolments had decreased by 166, additional to the Year 12 exiting class.

When surveyed by the school's enrolments officer, parents of many of the 166 indicated 'dissatisfaction with the Headmaster' as the reason for cancelling their enrolments. While it is a tribute to the school that it commenced the 2003 school year with 1,040 students, this enrolment level is 210 students below the expectations of the original feasibility

study. The enrolment for 2003 appears to indicate that the public image of the school has not, as yet, been irreversibly compromised by the events of 2002, however, there are serious concerns regarding the school's ability to maintain or improve these enrolment levels if [s47(3)(b)] remains associated with the school in any capacity.

Other matters emanating from the existing corporate structure that reflect on the school's financial viability are the following

1. The payments totalling \$265,520 which have been made, or are intended to be made to the [s47(3)(b)] family in 2003; and
2. The payment of directors' fees for school board membership.

On the matter of the payments to the [s47(3)(b)] family, within the school community it is believed that the [s47(3)(b)] family is being paid a considerable sum and that this is both unconscionable and financially hurtful to the school in its present difficult circumstances. These payments, have contributed to a climate of distrust in which the Board and the owners currently are perceived to operate.

Also, as mentioned in our report, [s47(3)(b)] has been provided with an unsecured loan. Members of the board advise that this loan was made on the basis that it represents an advance payment against the estimated redundancy payout for [s47(3)(b)] should his appeal against the Board of Teacher Education decision be unsuccessful. There does not appear to be any conscionable justification for this loan especially as it is made to [s47(3)(b)] rather than [s47(3)(b)].

We also mention in our report on the accreditation criteria that the payment of directors' fees for school board membership is most uncommon. Comments made during interviews and in correspondence received by us indicate that these payments are perceived by many in the school community as an outflow of funds that could be spent on school needs.

Lack of Effective Working Relationship Between the Board and the School Executive

Since the foundation of the school, [s47(3)(b)] has been the [s47(3)(b)]. The relationship between him and the board has been extremely close and he has provided the vision for the school. [s47(3)(b)] maintained these positions throughout 2002 whilst his case was being heard, being forced to relinquish all but the ownership in November 2002.

The departure of [s47(3)(b)] created a management vacuum, especially in educational expertise, which still persists and has not been adequately addressed. Steps were taken to establish a new executive at school level. The school community was advised at a public meeting in November that the three existing co-principals would lead the school for the balance of 2002 and in 2003. In December, after the school year was complete, one of the foundation co-principals, [s47(3)(b)] was made redundant. This was announced as a restructure necessary for financial and budgetary reasons. [s47(3)(b)] in interview, believes it was because he refused to support [s47(3)(b)] when called upon to do so by the Headmaster, and because of extensive periods of sick leave. [s47(3)(b)]

s47(3)(b) advised that he repaid to the School Council the full amount of his sick leave (\$11,009.98) prior to his termination. The remaining two co-principals were appointed to lead the school for a period of 12 months.

The directors have advised that there have been several discussions with the co-principals regarding their roles and the Board's expectations but these have not been provided systematically in a written duty statement. After a number of requests from the co-principals written contracts were finally provided in May. At the time of writing, these have not been signed by the co-principals because of dissatisfaction with some of the terms.

The board appears unwilling to provide to the co-principals the full extent of delegated authority that is normally associated with the principal of an independent school. Board members have advised that the main reason for their unwillingness is the belief that the co-principals lack the necessary experience. Other arrangements have been put in place to cover the perceived shortcomings. This has involved the board promoting an existing part-time employee s47(3)(b) to a newly created role of Manager-Administration. This appointment has been viewed with suspicion by many others working within the school and seems contrary to the staffing authority specifically delegated to the co-principals. Another example is the continuing employment on staff of s47(3)(b) s47(3)(b) former executive secretary of s47(3)(b).

The appointment of s47(3)(b) is seen by members of the school community as an unjustified appointment on the basis of her experience and qualifications and is related to the changed remuneration arrangements for s47(3)(b). There is a general feeling among staff that the real reason for her appointment is to be the "eyes and ears" of s47(3)(b) s47(3)(b) while he is unable to attend the school.

s47(3)(b) has been maintained in her position with various new duties assigned to her despite limited experience in the areas of responsibility. An example is her role as International Student Liaison Officer where she is called upon to promote attendance of international students at the school. The staff member who held this role in 2002 indicated that, in his professional opinion:

"the lack of this person's experience and professionalism in this area is damaging the school in the potentially lucrative international market"

The retention of this staff member has been at the direction of the board and contrary to the views of the co-principals who see more urgent staffing needs. Also, the appointment of s47(3)(b) to the new position of Manager-Administration was made directly by the board without consultation with, or input by, the co-principals who hold other priorities in staffing and who feel threatened by the appointment. The board's Finance Director, Stephen Beebe, indicated that the appointment was made solely in recognition of s47(3)(b) skills and capacities. She has no formal qualifications in the duties to which she has been assigned and the co-principals report that she does not willingly take direction from them.

In both instances the co-principals have communicated in writing and verbally to the board their disagreement with these appointments and the scope of duties assigned to them.

Through their actions and directions the board has effectively limited the role of the co-principals to the fields of education and pastoral care. However, at times the board has chosen to communicate other decisions through the co-principals, despite their objections, and has expected them to implement the decisions and be publicly supportive of them.

An example of the above is the appointment of [s47(3)(b)]. Both co-principals actively objected, verbally and in writing, to this appointment but the board proceeded for its own reasons and instructed the co-principals to make the announcement of the appointment. This was done but the chairman in an e-mail expressed his dissatisfaction with the wording of the announcement as it assigned to the board responsibility for the appointment.

The board advised that, in their view, the co-principals had expressed verbal support for the intended appointment and so members of the board were disappointed by the way the co-principals handled the announcement. This view seems to be in conflict with the written record at the time.

A further example of the limitation of the co-principals' duties was their limited involvement in preparing the budget for 2003. Directors advise that this was prepared by Stephen Beebe, in consultation with [s47(3)(b)] from his home whilst disqualified. The co-principals were called to his home to be advised of the outcomes. While, for practical reasons, [s47(3)(b)] may have needed to be actively involved in preparing the budget, the realities of running an independent school are such that it would have been particularly appropriate for the co-principals to have significant input to the process as they were to be the people to manage the implementation.

Workplace Health and Educational Program Management

There are serious issues of workplace health and educational program management that do not appear to have been addressed effectively by the school board, which is perceived as insensitive to the importance of managing relationships within an organization. In particular, the school board appears unable to manage effectively its relationships with management, teaching and administration staff and the school community.

This shortcoming is relevant to several expressed concerns about board practice, including managing relationships with the Commonwealth Bank, the senior executive of the school, and the teachers and parents of the school. We have concluded that this is a major weakness in the practices of the current board.

There is a significant level of distrust of the board that, from interviews, appears to be held generally among staff and the wider school community. The distrust appears to result from a number of causes, but particularly seems to come from what are seen to be arbitrary or insensitive decisions of the board. In the absence of credible explanations of board decisions, they are assumed to be influenced by [s47(3)(b)] and are seen to be uncaring of the opinions and feelings of many people in the school community who see as objectionable any continuing involvement of [s47(3)(b)] in school affairs.

In interviews with teachers it was claimed that there is a **climate of fear** among staff members in the school. The causes seem to be related to several matters. One is the

s47(3)(b) case itself, with the unfavourable media attention drawn to the school. Another relates to several staff redundancies that occurred in December 2002 without notice, often in the holiday period, and with little explanation to remaining staff members. One staff member commented that several of his colleagues are reluctant to open mail around Christmas for fear of finding themselves made redundant. A third is the perception that to question any decisions of the headmaster or of the board would be seen as disloyalty to the school, with the likely consequence being loss of employment.

Teachers and other staff members report that they are experiencing significant levels of emotional stress through their employment in the school. This situation is not helped by a lack of other employment options in other schools in the area. Staff members report feeling trapped there and wish that they could work under less stressful conditions. Whatever the causes or justification for these emotions, our interviews with teachers indicate that they do exist and the board seems either unaware of them, uninterested to take significant steps to promote a healthier climate in the school, or incapable of identifying what might be done to redress the situation.

Recently some staff members made allegations through the Student Councillor accusing s47(3)(b) of **sexual harassment**. The Councillor took these matters to the May meeting of the board, on invitation. She received a compassionate hearing but the outcome appears to have placed the responsibility for action back on the individuals. The board does not seem to have assumed a role for itself in possibly providing counselling or legal assistance to the individuals as a precursor to any action. The particular individuals have expressed fear of s47(3)(b) and the possibility of there being repeat episodes of behaviour considered unacceptable by them.

In the words of an independent consultant working in one area of the curriculum, 'Working with 'toxic workplaces' is my business, but I have never been in a place where there are more 'walking wounded' than at Sunshine Coast Grammar School.' (Telephone interview with s47(3)(b) 23/05/03).

Staff members of the school, both teaching and other classifications, remain very loyal to the school and its original vision, but several are now exhibiting increasing levels of confusion, disenchantment, distrust, frustration, and fear for their continuing employment.

Perceived Conflicts of Interest for Directors

At least two directors (Malcolm McComb and Stephen Beebe) derive substantial fees for services provided to the school, additional to their directors' fees. One director (Ross Johnston) is a former partner of the school's audit firm.

It was reported to us by several people interviewed that they see the potential for a conflict of interest in the decisions made within the board resulting from these relationships. This perception is reinforced by the nature of the corporate structure and the limited number of directors, both of which are perceived to lack adequate levels of accountability expected in an organisation in receipt of government funds.

When raised with members of the board it was claimed that there were no conflicts of interest because the directors have acted in the interests of the school with expertise enhanced by their intimate knowledge of the school, its circumstances and requirements, provided at fee levels consistent with or lower than normal professional scales. Ross

Johnston advised that he retired more than two and a half years ago and there was no ongoing relationship that created any conflict of interest. It is standard professional practice for the responsibility to fall upon the audit company to ensure that there is no conflict of interest resulting from the presence of the former partner serving as a director on the board of a client of the company.

The directors appear to have been insensitive to the way these arrangements are perceived by the school community, particularly in the circumstances that currently surround the school.

For example, the fact that the Chairman's firm provides solicitor services to the school and that the fees for service increased from \$22,039 in 2001 to \$59,811 in 2002, returning to \$24,000 in the budget for 2003, taken in association with the [s47(3)(b)] legal case in 2002, has fuelled speculation that the school is paying [s47(3)(b)] legal fees.

While some of these fees relate to advice to the school in relation to its position with respect to the [s47(3)(b)] case and its consequences for the school, there still remains disquiet that school funds have been used to assist with [s47(3)(b)] legal expenses. The Chairman has denied categorically that any of the school's fees have been for the legal support of [s47(3)(b)] indicating that the records will show that many of the costs related to staffing matters and sporting facility development projects at the school. However, such perceptions continue whilst there is seen to be a close relationship between the interests of the owners, a position on the board and payments for professional services rendered by some board members.

In the short-term it may be argued that these types of contractual arrangements leading to involvement in school operations can be justified due to a shortage of appropriately skilled people and because of the close knowledge of the school held by the Directors. However, recent guidelines issued by the ASX and supported by other professional bodies indicate that, in the longer term, such arrangements tend not to support strong and independent levels of corporate governance. They also do little to build school community confidence in the board and its decisions.

Conclusion

The quality of the internal and external communication of the school board, if not significantly improved, will continue to cause damage to the school. There are circumstances where information is confidential and inappropriate to be disseminated. However, the long-term viability of the school is dependent on the support of management, staff and the school community. In this respect, the Board needs to show leadership. The reputation of the school needs to be rebuilt through open and honest communications with the various stakeholders and supporters in order to develop teamwork and a sense of shared accountability. In the process, the board might recognise more strongly the dedication and determination of the staff through what has been a very trying period for the school.

The goodwill of several teachers is being taxed by heavy workload requirements. This is being aggravated by a shortage of support staff. However, staff members remain committed to the school vision, despite the difficulties of the past year, but there is resentment about appointments of administration staff made by the school board. In particular, the appointment of [s47(3)(b)] to Manager—Administration and the changed

duty statement for s47(3)(b) have led to disillusionment among several staff members. It is unlikely that staff confidence can be maintained in the absence of more supportive actions by members of the school board.

In our view, there is perceived veil of secrecy over the operations of the School Board and the reasons for its strategic and financial decisions.

We have concluded that there is a future for SCGS, but not under the current structures and arrangements. There is the potential for a revitalised school community, increased public confidence in the school and its governance, and the possibility of a more supportive lending agency, with the timely addressing of issues identified in our report. We have also concluded that time is short for these changes to be effected if the school is to remain viable.

On July 15 it was reported in *The Courier Mail* that s47(2)(b) appeal was unsuccessful against the cancellation of his teacher registration. The school board is to meet in the near future to formulate future plans, given that s47(3)(b) will not be eligible to return to the position of Headmaster, but will remain owner of the school.

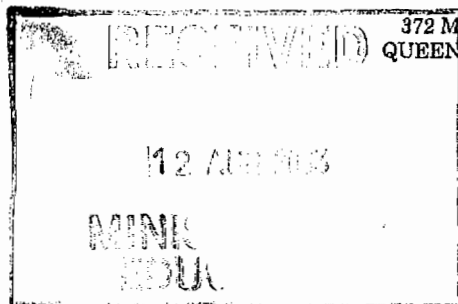
Dr Murray Evans

Mr Donald Langdon

Released under
RTI Act by DE

SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA



11 August 2003

FAXED
11/8/03

Ms Anna Bligh
The Honourable Minister for Education
PO Box 33
BRISBANE ALBERT STREET 4002

By Facsimile 3225 1972
(3 pages inclusive)

Dear Ms Bligh

RE: SUNSHINE COAST GRAMMAR SCHOOL

Thank you for taking the opportunity to discuss various school issues with me on the telephone recently.

By way of explanation of some of the initiatives being taken by the Board of Directors at the school, I am enclosing a copy of a letter that was distributed to all parents on 25 July 2003.

I repeat my invitation to you that should you ever wish to discuss any aspect of school matters with me, I will be willing to make myself available to do so either in person or by telephone on (07) 5443 1800.

Yours faithfully


Malcolm McColm
Director

Telephone: +61 7 5445 4444
Facsimile: +61 7 5445 4345

Sunshine Coast Grammar School Pty Ltd
ABN 61 064 506 814

Email: enquire@scgs.qld.edu.au
Web: www.scgs.qld.edu.au

SUNSHINE COAST GRAMMAR SCHOOL372 Mons Road FOREST GLEN
QUEENSLAND 4556 AUSTRALIA

25 July 2003

Dear Parent

Following last week's Court decision in respect of s47(3)(b) appeal, the way has now become open to progress future planning for the school.

The Board of Directors have taken decisions that shall be implemented immediately and the purpose of this letter is to ensure that you are promptly informed of these issues.

Head of School

The Board has resolved to appoint a single Head of School commencing in 2004. We shall be seeking to attract an educator with the highest standards and experience who shall be qualified to lead the school through the next important phase of establishment and development. We shall be advertising widely throughout Australasia and shall welcome all applications including those that may come from within the school.

We shall be working strenuously towards being able to announce a successful appointment well before the end of this school year.

Constitution of the Board

The Board is aware that its membership needs to be reviewed and expanded. While strong financial experience needs to be maintained, the educational focus needs to be strengthened. Mrs Reason and Mr Marquardt have provided this educational input and have attended Board meetings during this year. This shall continue until the new Head of School, who shall be an Executive Director, has been appointed.

The Board understands the reality that there is an appropriate time for existing directors to retire and is aware of the benefit of introducing "new blood" and fresh ideas.

Ownership of the School

There is no doubt that the s47(3)(b) family has at all times had the interests of the school utmost in their thoughts and actions. However, it is time for the ownership issue to be reviewed. The Board shall lend counsel to the s47(3)(b) family in attempting to reach a decision that will be in the best interests of all concerned, and ensure the school's future is secure.

Constructive and compassionate advice from the school community would no doubt be welcomed by s47 and s47(3)(b) who have already indicated their preparedness to consider this issue and to make decisions in the best interests of the school's future.

Non State Schools Accreditation Board Assessment

As you would be aware, the NSSAB appointed assessors to closely scrutinise aspects of the school's operations. Over recent months, the assessors have spent a considerable period of time in reviewing documentation, interviewing staff and directors and compiling their report. At the time of writing this letter, the school is awaiting receipt of a copy of the report and contact from the NSSAB.

Telephone: +61 7 5445 4444 Facsimile: +61 7 5445 4345 Email: enquire@scgs.qld.edu.au
Sunshine Coast Grammar School Pty Ltd
ABN 61 064 506 814

In some ways, we have all had to "mark time" waiting for lengthy processes to occur in timeframes that were beyond our control. It is understandable that this would encourage feelings of insecurity and frustration.

I would like to take this opportunity to sincerely thank each and every member of staff who have contributed so much over and above expectations during this time.

While there is no magical fix to the many challenges we have faced in the past, and continue to experience, the school is commencing a new stage in its development which is exciting and full of promise.

Yesterday afternoon, the Board met with all staff and discussed all of the issues in this letter in a full and frank manner. The Board and the staff are of one mind in working together to ensure the future of the school and the continuation of outstanding educational services, for which the school is renowned.

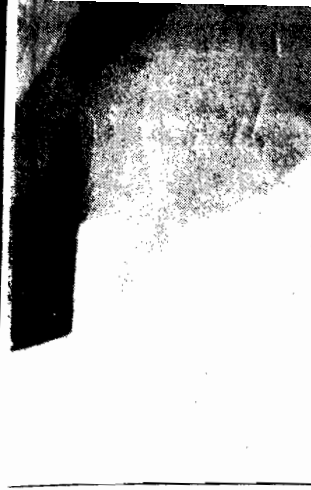
Please be assured that the Board shall be working to progress each of the issues referred to above. As new developments occur in respect of the issues referred to in this letter, the Board shall, through the Co-principals, keep you advised.

Yours sincerely



Malcolm McColm
Chairman

Released under the
RTI Act by DIT



ached the law by naming a foster family under investigation, while Peter Anne Warner are among five ministers criticised for inaction in the case.

dates back to 1992

department found there appeared to be no substance to the abuse allegations and the children had regular contact with their biological mother.

The department also said the father corresponded with the children and it was satisfied the foster care arrangements were satisfactory.

In early 1999, National Party MP Ted Malone wrote to then Families Minister Anna Bligh raising concerns on behalf of the children's mother.

The mother had written to Mr Malone angry that she had been unable to contact her children.

She said her eldest daughter had told the department her father had sexually abused her but he continued to see the children.

The mother also complained about the large staff turnover in the department but made no

abuse claims against the foster family.

Ms Bligh wrote back to Mr Malone two months later saying the relevant area office had discussed the case and agreed to a new plan in relation to contact with their mother.

Six months later in June 1999, Ms Bligh received a letter from Labor MP Darryl Briskey passing on allegations that children in the care of the foster family were being sexually abused.

The documents show Ms Bligh sought a response from the department and was told "staff hold no current concerns for the well-being of the children".

She wrote back to Mr Briskey on July 22, 1999, and said department staff would be pursuing the allegations but subsequent documentation has yet to be uncovered.

SEX OFFENDER

A HIGH-PROFILE Tasmanian academic and psychologist who headed an inquiry into child sex abuse in the Anglican Church was remanded in custody yesterday after admitting having sex with a child. Michael James Crowley, 59, of Howden Rd, Howden, pleaded guilty to maintaining a sexual relationship with a person under the age of 17 years. The victim, now aged 44, was a 15-year-old at the time Crowley started having sex with her. He was 31 at the time of the offences, which happened almost 30 years ago. Crowley, a former school teacher, is the former state president of the Australian Psychological Society and was a senior clinical psychologist with the Tasmanian State Government's Alcohol and Drug Service before recently tendering his resignation. He has been an honorary lecturer at the University of Tasmania and his PhD thesis examined expert testimony in child sex abuse cases.

ARTS

Contract incentives

THE managing contractor for the new Gallery of Modern Art and State Library extensions will be penalised if the projects are not delivered on time or budget. Public Works Minister Robert Swarten said yesterday. Mr Swarten said Bovis Lend Lease and the Government had an incentive plan for the \$229.8 million project at South Bank in Brisbane. Construction is set to start by the end of the year and be completed by the end of 2005.

THE Sunshine Coast Grammar School could be sold off to a parent consortium after the board asked disgraced pedophile principal John Burgess to relinquish ownership. The board said it was looking for a new principal and owner to take over from Mr Burgess, who founded the school in 1997. Mr Burgess was found to be unfit to be a teacher after it was revealed he had sex with a 13-year-old female student. He recently lost a court appeal to have his deregistration overturned. Sunshine Coast Grammar School chairman of directors Malcolm McColm said the board had counselled the Burgess family and asked them to "consider change of ownership of the school". "Other existing educational institutions may be interested (in buying the school)," Mr McColm said.

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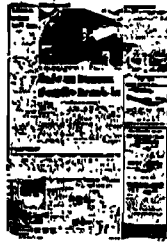
Owner asked to sell

THE Sunshine Coast Grammar School could be sold off to a parent consortium after the board asked disgraced pedophile principal John Burgess to relinquish ownership. The board said it was looking for a new principal and owner to take over from Mr Burgess, who founded the school in 1997. Mr Burgess was found to be unfit to be a teacher after it was revealed he had sex with a 13-year-old female student. He recently lost a court appeal to have his deregistration overturned. Sunshine Coast Grammar School chairman of directors Malcolm McColm said the board had counselled the Burgess family and asked them to "consider change of ownership of the school". "Other existing educational institutions may be interested (in buying the school)," Mr McColm said.

Conrad Maitland
Wednesday
29 July 2003.

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Grammar schools

School to replace 'unfit' boss

By MARK FURLER

SUNSHINE Coast Grammar School will appoint a new head of school and review its ownership following last week's court finding that its founder and owner John Burgess is unfit to be a teacher.

The school released a statement late yesterday saying the board of directors had resolved to appoint a single Head of School commencing next year. The decision came after Mr Burgess lost his appeal against his deregistration following revelations that he had sex with a 17-year-old pupil in 1977 and had later inappropriately dealt with female pupils and teachers.

Chairman of directors Malcolm McCollm said the school would advertise throughout Australasia for a replacement.

"We shall be seeking to at-

tract an educator with the highest standards and experience who shall be qualified to lead the school through the next important phase of establishment and development."

The school will also inject new blood into its board of directors, strengthening its educational focus.

Mr McCollm said Mr Burgess' ownership of the school would be reviewed.

"There is no doubt that the Burgess family has at all times had the interests of the school utmost in their thoughts and actions," he said. "However, it is time for the ownership issue to be reviewed. The board shall lend counsel to the Burgess family in attempting to reach a decision that will be in the best interests of all concerned, and ensure the school's future is secure."

Pages 285 through 290 redacted for the following reasons:

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Misconduct principal ruled out of teaching

Amanda Watt

16jul03

DISGRACED principal John William Burgess remains the owner of the Sunshine Coast Grammar School but is unlikely to teach again after the Brisbane District Court yesterday upheld his deregistration as a teacher.

Mr Burgess, who founded the school in 1997, was deregistered by the Queensland Board of Teacher Registration last October after allegations parents were unaware he had pleaded guilty to having sex with a 13-year-old female student in NSW 24 years ago.

He severed all administrative and teaching ties with the school as director and school head while he appealed his deregistration in the District Court, but has remained sole shareholder of the business.

It is understood his wife remains employed at the school as an administration manager.

District Court Judge Manus Boyce yesterday dismissed Mr Burgess's appeal and ordered he pay the board's legal costs.

Mr Burgess, 53, now has exhausted his appeal rights and is forbidden from teaching or supervising teachers in Queensland.

Notice of his deregistration will be forwarded to other states and territories. The Non-State Schools Accreditation Board is investigating the suitability of the school's governing body, Sunshine Coast Grammar School Pty Ltd, to continue in its role.

In his written judgment yesterday, Judge Boyce said he was satisfied the board's decision to deregister Mr Burgess was justified.

Judge Boyce agreed with the BTR's original finding that Mr Burgess's

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misconduct with the 13-year-old student and his later attempts to misrepresent the situation made him unfit to teach.

"The gross misconduct by Mr Burgess with a 13-year-old pupil, together with his concealment or misrepresentation of the true facts of the relationship to interested parties thereafter, did in my opinion demonstrate poor character and raise serious questions as to his fitness to be a teacher," Judge Boyce wrote.

"He is an excellent teacher. Nevertheless, as the findings of the board indicate, he has subsequently been involved on various occasions in inappropriate behaviour with female teachers and female pupils. The board was entitled to find his behaviour in these matters was improper and unacceptable for a teacher."

The judge said he had no reason to dispute findings by the BTR that Mr Burgess had sexually harassed teachers and behaved inappropriately towards some female students while he was principal at Ormiston College, in Brisbane's bayside region.

In a statement released yesterday, school chairman of directors Malcolm McCole said the board would meet next week to "make important decisions" which would be then communicated to the school community, but he did not say what those decisions related to.

Mr Burgess could not be contacted for comment yesterday.

Friends and Relatives of the Grammar School (FROGS) president Colin Berneville-Claye labelled last year's BTR hearing a "kangaroo court" and said the case had been marred by "political interference".

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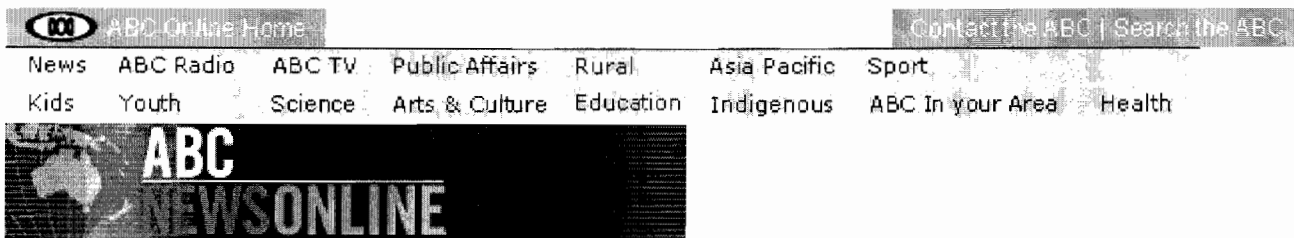
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12:52 AEST

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Former headmaster loses appeal against deregistration

The founder and former headmaster of the Sunshine Coast Grammar School has lost an appeal against his deregistration as a teacher for sexual misconduct.

John William Burgess, 53, was deregistered by Queensland's board of teacher registration after it held an inquiry into his 1979 conviction in a New South Wales District Court for unlawful carnal knowledge of a 13-year-old girl.

The board found Burgess had gained registration in Queensland by concealing and misrepresenting the facts of the case.

Burgess appealed to the District Court in Brisbane, but judge Manus Boyce QC found Burgess was lucky to escape a jail sentence for his conviction, for what he described as disgraceful behaviour.

He also found Burgess had since sexually harassed female teachers, students and parents, and was unfit to be a teacher.

He dismissed the appeal and ordered Burgess to pay the board's legal costs.

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DISTRICT COURT OF QUEENSLAND

CITATION: **Burgess v. Board of Teacher Registration Queensland
[2003] QDC 159**

PARTIES: **JOHN WILLIAM BURGESS (Appellant)**
v.
**BOARD OF TEACHER REGISTRATION
QUEENSLAND (Respondent)**

FILE NO/S: 4694 of 2002

DIVISION:

PROCEEDING: Appeal

ORIGINATING COURT:

DELIVERED ON: 15 July 2003

DELIVERED AT: Brisbane

HEARING DATE:

JUDGE: Boyce DCJ

ORDER: **Appeal dismissed. Appellant to pay the respondent's costs of the appeal to be assessed.**

CATCHWORDS: Appeal – Rehearing – Education (Teacher Registration) Act 1988 – Cancellation of Registration as teacher – Appellant not of good character to be registered as a teacher

COUNSEL: M.J. Griffin S.C. and D.J. Murphy for appellant
R. W. Hanson Q.C. for respondent

SOLICITORS: Bennett & Philp for the appellant
C.W. Loh Crown Solicitor for the respondent

[1] This is an appeal pursuant to s.72 of the *Education (Teacher Registration Act) 1988* ("the Act").

The Decision Appealed From

[2] The appellant (whom I shall refer to as "Mr. Burgess") was a teacher registered under the Act.

- [3] The respondent Board of Teacher Registration Queensland (hereinafter referred to as "the Board") gave notice to Mr. Burgess that it proposed to conduct an inquiry under s.50 of the Act. The Board considered there were reasonable grounds to believe Mr. Burgess had been convicted of an indictable offence and was not of good character to be registered as a teacher.
- [4] The Board conducted an inquiry in August, September and October 2002.
- [5] On 31 October 2002 the Board ordered that the registration of Mr. Burgess be cancelled with effect from 31 October 2002, and that Mr. Burgess pay to the Board an amount of costs in an amount equal to the Board's legal costs in the matter.
- [6] The reasons for the order by the Board may be summarised as follows:
- The Board based its decision on the following matters –
 - (i) Mr. Burgess pleaded guilty in 1979 in the Penrith District Court New South Wales to two charges of unlawful carnal knowledge of a girl above the age of 10 years and under the age of 16 years to wit the age of 13 years;
 - (ii) The conduct of Mr. Burgess as a teacher and principal at Ormiston College Queensland from and including 1986 until 1993 involving teachers and others at Ormiston College;
 - (iii) The conduct of Mr. Burgess at Sunshine Coast Grammar School.

The Nature of the Appeal

- [7] The first matter is to identify the nature of the appeal. Section 72 provides for an appeal from the Board's decision to the District Court.

- [8] Section 72(3) is as follows:

"The appeal is by way of re-hearing of the material before the Board or, if the judge hearing the appeal so orders, on material adduced on the appeal, or on both".

- [9] In the hearing this appeal no application was made for the court to hear the evidence afresh, or to receive further evidence.

- [10] The expression used is "*by way of re-hearing*". At first glance the section provides a readily identifiable form of appeal, namely an appeal by way of rehearing on the material which was before the Board with power in the District Court to receive further evidence, but not an obligation to receive further evidence. The Board's submission was that this was not a hearing de novo and Mr. Burgess was, in all the circumstances, required to demonstrate error on the part of the Board. Mr. Burgess contended that the appeal was by way of hearing 'de novo' and he was not required to demonstrate error on the part of the Board.

- [11] In *Builders Licensing Board v Sperway Constructions (Sydney) Pty Ltd* (1976) 135 CLR 616, the High Court considered the nature of an appeal to the District Court of New South Wales from a decision of the board pursuant to the *Builder's Licensing Act* 1971 of New South Wales. Mason J (with whom Barwick C.J. and Stephen J agreed) said at p.619 – 20:

"An appeal is not a common law proceeding. It is a remedy given by statute. Upon an appeal stricto sensu the question considered

is whether the judgment complained of was right when given, that is whether the order appealed from was right on the material which the lower court had before it. An appeal *stricto sensu* is distinguished from an appeal by way of re-hearing..... This appeal by way of rehearing involves rehearing of the cause at the date of the appeal, that is "by trial over again on the evidence used in the court below; but there is special power to receive further evidence". On such an appeal the rights of the parties must be determined by reference to the circumstances as they then exist and by reference to the law as it then exists; the appellate court may give such judgment as ought to be given if the case at that time came before the court of first instance. But this appeal by way of rehearing did not call for a fresh hearing or hearing *de novo*; the Court does not hear the witnesses again. the appeal to Quarter Session [in New South Wales] is most aptly described as a hearing *de novo* because even if it be the defendant who appeals, the informant or complainant starts again and has to make out his case and call his witnesses".

- [12] Mason J. then referred to the decision of the High Court in *Phillips v The Commonwealth* [1964] 110 CLR 347 where it was held that an appeal to a County Court against a determination of the Commissioner under the *Commonwealth Employees Compensation Act*, said by the statute to be in the nature of a rehearing, required "the Court to pronounce anew upon the rights of the parties as disclosed by the evidence before it". Mason J. continued at page 621:

"Where a right of appeal is given to a court from a decision of an administrative authority, a provision that the appeal is to be by way of rehearing generally means that the court will undertake a hearing *de novo*, although there is no absolute rule to this effect. There are, of course, sound reasons for thinking that in many cases an appeal to a court from an administrative authority will necessarily entail a hearing *de novo*. The nature of the proceeding before the administrative authority may be of such a character as to lead to the conclusion that it was not intended that the court was to be confined to the materials before the authority. There may be no provision for a hearing at first instance or for a record to be made of what takes place there. The authority may not be bound to apply the rules of evidence or the issues which arise may be non-justiciable. Again, the authority may not be required to furnish reasons for its decision. In all these cases there may be ground for saying that an appeal calls for an exercise of original jurisdiction or for a hearing *de novo*.

On the other hand the character of the function undertaken by the administrative authority in arriving at its decision may differ markedly from the instances already supposed. The authority may

be required to determine justiciable issues formulated in advance; to conduct a hearing, at which the parties may be represented by barristers and solicitors, involving the giving of oral evidence on oath which is subject to cross-examination; to keep a transcript record; to apply the rules of evidence; and to give reasons for its determination. In such a case a direction that the appeal is to be by way of rehearing may well assume a different significance.

But in the end the answer will depend on an examination of the legislative provisions rather than upon an endeavour to classify the administrative authority as one which is entrusted with an executive or quasi judicial function, classifications which are too general to be of decisive assistance. Primarily it is a question of elucidating the legislative intent, a question which in the circumstances of this case is not greatly illuminated by the Delphic utterance that the appeal is by way of rehearing."

- [13] In *Allesch v Maunz* (2000) 203 CLR 172 at 180 (in the judgment of the majority it was said:

"For present purposes the critical difference between an appeal by way of rehearing and a hearing de novo is that, in the former case, the powers of the appellate court are exercisable only where the appellant can demonstrate that, having regard to all the evidence now before the appellate court, the order that is the subject of the appeal is the result of some legal, factual or discretionary error, whereas, in the latter case, those powers may be exercised regardless of error. At least that is so unless, in the case of an appeal by way of rehearing, there is some statutory provision which indicates that the powers may be exercised whether or not there was error at first instance."

- [14] In *Coal and Allied Operations Pty Ltd v Australian Industrial Relations Commission* (2000) 203 CLR 194 at 203 the majority of the court, after noting that the nature of the appeal must ultimately depend on the terms of the statute conferring the right of appeal, continued:

"If an appellate Tribunal can receive further evidence and its powers are not restricted to making the decision that should have been made at first instance, the appeal is usually and conveniently described as an appeal by way of rehearing. Although further evidence may be admitted on an appeal of that kind, the appeal is usually conducted by reference to the evidence given at first instance and is to be contrasted with an appeal by way of hearing de novo. In the case of a hearing de novo, the matter is heard afresh and a decision is given on the evidence presented at that hearing."

[15] There have been a number of cases where Queensland courts have dealt with specific provisions for appeal given by Queensland statutes: *Amos v Auctioneers and Agents Committee* (1980) 6 QL 290 (Mylne DCJ); *Re H. (a pharmacist)* [1972] Qd R 402 (Williams J); *Re Fredericks* (1984) 1 Qd.R. 438 (Carter J); *Re Boothroyd* (1986) 1 Qd.R. 167 (Thomas J).

[16] In *Logan v Woongarra Shire Council* [1983] 2 Qd.R 689 it was held by the Full Court that an appeal to that court from the Local Government Court "on the ground of error or mistake in law on the part of the court or that the court had no jurisdiction to make the decision or exceeded its jurisdiction in making the decision" was not an appeal by way or rehearing but was an appeal stricto sensu. Williams J (as he then was) said at p.691

"Generally speaking an appeal will only be by way of "rehearing" if the provision creating the right of appeal expressly says so..... The essential distinguishing feature of an appeal by way of "rehearing" is that the appellant is entitled "to the independent judgment of the Court of Appeal" on the facts and also on the law as it then stands. If the provision creating the right of appeal expressly provides for such matters then, even though the word "rehearing" is not used, the court may well construe the appeal as being one by way of rehearing."

[17] In *Re Schubert* [1989] 2 QdR 99 it was held by the Full Court that an appeal under s.19 of the *Radioactive Substances Act (1958 - 1978)*, said to be by way of rehearing, required a hearing de novo. Williams J (as His Honour then was) with whom the other members of the court agreed at p.101-2 noted that the Act did not provide for there to be a hearing for the Minister or for any record to be made of what material was before the Minister at the time the decision was made, or for any reasons to be given for the Minister's decision. The decision was made on the recommendation of the Council. There was also no hearing before the Council, no record was made of what was before the Council, nor any reasons given for the

recommendation of the Council. Reference was made to *Sperway Constructions* (supra).

[18] In *Turnbull v The New South Wales Medical Board* [1976] 2 NSWLR 281, Glass JA at p.297-8 identified six categories of appeal. Thomas JA considered this classification to be helpful in *Aldrich v Ross* [2001] 2 QdR 235 at 248. Glass JA identified the following categories:

- “(a) Appeals to supervisory jurisdiction. Only errors going to jurisdiction or denials of natural justice can be ventilated.
- (b) Appeals on questions of law only, eg from the Workers Compensation Commission. Undetermined or wrongly determined issues of fact must be remitted.
- (c) Appeals after a trial before judge and jury. The result below will be disturbed if the judge fell into error of law, or if the jury's errors of fact transcend the bounds of reason. But, except for the assessment of damages, issues of fact must be redetermined in a new trial.
- (d) Appeals from a judge in the strict sense, eg appeals to the High Court. If the judge has fallen into error of law, or has made a finding of fact which is clearly wrong, the appellate court will substitute its own judgment. Only such judgment can be given as ought to have been given at the original hearing. Later changes in the law are disregarded and additions to the evidence are not allowed.
- (e) Appeals from the Judge by way of rehearing, eg Appeals under s.154 of the Supreme Court Act 1970. Judicial opinion differs on whether a power to receive fresh evidence is implied. Almost invariably, however, it is expressly conferred. If errors of law or wrong findings of fact have occurred below, the appellate court will try the case again on the evidence used in the court below together with such additional evidence as it thinks fit to receive. Since it will decide the appeal in the light of the circumstances which then exist, changes in the law will be regarded.
- (f) Appeals involving a hearing de novo, eg appeals from a Court of Petty Sessions to a Court of Quarter Sessions. All the issues must be retried. The party succeeding below enjoys no advantage, and must, if he can, win the case a second time”.

[19] Thomas JA in *Aldrich v Ross* [2001] 2 QdR 235 at 248 said this categorisation was not comprehensive. There might be variations within the categories identified. In

Aldrich the Court of Appeal considered the nature of an appeal to the Misconduct Tribunal where a police officer had been disciplined by the Police Commissioner. The Court of Appeal allowed an appeal from the decision of a single judge that the scope of the appeal to the Tribunal was relatively confined. The court concluded that the appeal was by way of rehearing without using the term. Thomas JA considered the term "re-hearing" to be unhelpful and preferred to describe it as one where the Tribunal was bound to make its own decision on the evidence before it. Thomas JA noted that the terms in which the power of the appellate court was expressed was of some relevance.

[20] In *Re: Coldham; ex parte Brideson [No 2]* (1990) 170 CLR 267, the High Court attached significance to the provision in the statute that the appellate court was to "make such order as it thinks fit". In *Coal and Allied Operations* (supra) the absence of such a provision was regarded by the High Court as significant; p.204.

[21] In *Aldrich* at 256 Thomas JA considered that the statute which allowed the Misconduct Tribunal to "give the orders about a proceeding it considers appropriate" and to "set aside the decision and substitute another decision" was similar in effect to those in *Re: Coldham; ex parte Brideson [No 2]* (supra) ; p.256. This emphasizes the importance of considering the particular terms of the statute.

[22] Section 72(3) provides that the rehearing is to be on the material before the Board or if the judge hearing the appeal so orders, on material adduced on the appeal or on both. The court has a discretion as to whether or not to allow further evidence. It is not a case where either side has a right to put further material before the District Court.

[23] The powers of the courts on appeal are set out in S.72(4), (5) and (6).

[24] An appeal by way of rehearing in the traditional sense involves a review of the merits. It is necessary for an appellate court to bring its own judgment to bear on the question independent of the judgment of the body under appeal. Much weight may however be attached to the view of that body: see *Federated Carters and Drivers Industrial Union of Australia v The Motor Transport and Chauffeurs' Association of Australia* (1912) 6 CLR 122 at 124. This was referred to with approval in *Aldrich* (p. 255), and Thomas JA at p. 257 expressed his conclusion that the Misconduct Tribunal was:

"required to make its own decision on the available evidence rather than merely to determine the correctness of the original decision in the limited manner permitted by an appeal in the strict sense against the exercise of a discretion".

[25] Kirby J in *State Rail Authority (New South Wales) v Earthline Constructions Pty Ltd* (1999) 73 ALJR 306 at 327 referred to a duty imposed on Appellate Courts by statute:

"to make up their own mind; to conduct appeals on the facts by way of rehearing; to draw inferences from the facts for themselves; to give the judgment and make orders that should have been given at trial; and in exceptional circumstances even to admit fresh evidence into consideration".

[26] Kirby J, at p.326, referred to the traditional view of the role of an Appellate Court conducting an appeal by way of rehearing to findings of fact by a trial judge as that being stated in *Warren v Coombes* (1979) 142 CLR 531 at 551:

"In general an appellate court is in as good a position as the trial judge to decide on the proper inference to be drawn from facts which are undisputed or which, having been disputed, are established by the findings of the trial judge. In deciding what is the proper inference to be drawn the appellate court will give respect and weight to the conclusions of that trial judge, but, once having reached its own conclusion, will not shrink from giving effect to it."

- [27] In *State Rail Authority (New South Wales) v. Earthline Constructions* (supra) there was reference to three earlier decisions of the High Court . These dealt with the approach of an appellate court, conducting an appeal by way of rehearing, to findings of fact by the trial judge. The three decisions were *Jones v Hyde* (1989) 63 ALJR 349, *Abalos v Australian Postal Commission* (1990) 171 CLR 167 and *Devries v Australian National Railways Commission* (1993) 171 CLR 472. In *Devries v. Australian National Railways Commission* (supra) at p.479 the majority stated:

"More than once in recent years this Court has pointed out that a finding of fact by a trial judge based on the credibility of a witness is not to be set aside because an appellate court thinks that the probabilities of the case are against – even strongly against – that finding of fact. If the trial judge's finding depends to any substantial degree on the credibility of the witness, the finding must stand unless it can be shown that the trial judge has failed to use or has palpably misused his advantage or has acted on evidence which was inconsistent with facts incontrovertibly established by the evidence or which was glaringly improbable."

- [28] The inquiry by the Board in the present case bears a much closer similarity to a court proceeding than the Police disciplinary proceedings that were being considered in *Aldrich v. Ross* (supra).
- [29] The inquiry by the Board may be conducted in public: (s.54). There is a right to legal representation: (s.54). There is no express compulsion on the part of the teacher to give evidence. There is a requirement to keep a record of proceedings: (s.55). There is provision for contempt of the inquiry: (s.65). Within seven days after the date of an order of the Board about a person under s.70 (cancellation of registration etc), the Director must give written notice to the person about the order and the notice must also state the Board's reasons for its order: (s.71). By necessary implication the Board is therefore required to give reasons for an order for

cancellation of registration under s.70. There is power to order the teacher to pay the costs of the inquiry: (s.70). Accordingly, the appeal to this court comes after a formal hearing before the Board that bears fairly close similarities to a court proceeding.

[30] I have not overlooked that in conducting an inquiry the Board is not bound by the rules of evidence and may inform itself in any way it considers appropriate: (s.56). There are complaints about unsworn statements and hearsay evidence. If a witness gave evidence orally without being sworn, or gave evidence by way of a written statement or even an unsigned statement, it was entirely a matter for the Board to decide what weight should be given to the evidence.

[31] I am satisfied that the appeal from the order of the Board is by way of re-hearing in the traditional sense. This court does not hear the witnesses again. It is not a hearing de novo. This court must form an independent judgment on the facts and on the law. Much weight, however, should be attached to the view of the Board: (*Aldrich v. Ross* (supra) at p.255). Since the decision was based on findings of fact involving an assessment of the credibility of witnesses, this court must recognise the very considerable advantage enjoyed by the Board which saw and heard the witnesses. The approach to the findings of fact by the Board is as set out by the High Court in *Warren v. Coombes* (supra).

Circumstances Surrounding Relevant Issues and General History of the Matter.

[32] Mr. Burgess was born on 15th August 1949. He commenced teaching in New South Wales at the Meadows Primary School in 1971. He subsequently taught at

Glenbrook Primary School and the Cambridge Gardens Primary School, both in New South Wales.

- [33] On 11th April 1979 Mr Burgess was convicted, on his own plea of guilty in the Penrith District Court to two counts of unlawful carnal knowledge of Dianne Jane Tillett who was 13 years of age at the time of the offences. Heron DCJ of the District Court of New South Wales ordered that no conviction be recorded against Mr Burgess and that he enter into a recognizance for the sum of \$500.00 to be of good behaviour for a period of 3 years. After the considerable lapse of time no transcript is available of sentencing submissions or the sentencing remarks. It is clear that Mr Burgess was treated with much leniency. He was very lucky to escape a custodial sentence.

- [34] At the time of sentencing in the District Court New South Wales, Mr Burgess was employed as a teacher at Masada College, New South Wales. At the completion of the 1979 school year he applied for and was subsequently appointed to a teaching position at the Church of England Grammar School, East Brisbane. Mr. Burgess commenced as a teacher at the Anglican Church Grammar School at the beginning of 1980. On 8th April 1980 he applied for registration as a teacher in Queensland. He was subsequently registered as a teacher by the Board of Teacher Registration on 23rd April 1980. The legislation in force at that time did not require disclosure of a criminal offence if no conviction had been recorded.

- [35] During 1985 whilst still a teacher at Anglican Church Grammar School Mr Burgess was asked to become a Director on a Board to found a new school. Mr Burgess

played a role in establishing Canterbury College located at Waterford, west of Brisbane.

[36] Mr. Burgess resigned from his teaching position at the Anglican Church Grammar School at the completion of the 1985 academic year with the intention of founding a new school. Mr Burgess had been a teacher at Anglican Church Grammar School for 5 years.

[37] During 1986 Mr Burgess, with the support of his wife, undertook all administrative duties for the founding of the new school, Ormiston College, West Ormiston, which opened in 1987. Mr Burgess was Head Master of Ormiston College from its opening in 1987 until the end of the school year in 1993. Mr Burgess resigned from his position as Head Master of Ormiston College towards the end of 1993. This was apparently because the College Board and parent body became aware of his court appearance in New South Wales in 1979.

[38] Subsequently, Mr Burgess took some time away from his educational endeavours before again undertaking the founding of a new school. The Sunshine Coast Grammar School, Buderim was opened in 1997. Mr Burgess has been the Head of School since the time of its founding. Prior to the school opening an article was published in the Sunshine Coast Daily on 11th August 1996. The article named Mr Burgess and provided details of his plea of guilty to criminal charges and the sentence passed by the District Court, New South Wales. The article alleged that the Education Department Director-General was seeking legal advice regarding the involvement of Mr Burgess with the establishment of the Sunshine Coast Grammar School. In response to the article Mr Burgess wrote a letter to all founding parents

(parents whose children were enrolled to commence at the opening of the school in 1997).

[39] On 18th June 2002 the Board of Teacher Registration sent to Mr Burgess a Notice of Inquiry which stated that "at its Board meeting held on the 16th of May 2002 the Board of Teacher Registration decided to conduct an inquiry into registered teacher John William Burgess in accordance with section 50 of the *Education (Teacher Registration) Act 1988*.

[40] The Board sat and heard evidence and submissions on 15th August, 27th August, 25th September and 30th October 2002. Then on 31st October 2002 the Board delivered its determination that Mr Burgess' registration as a teacher be cancelled with effect from 31st October 2002 and that Mr. Burgess be required to pay to the Board, by way of costs, an amount equal to the Board's legal costs in this matter.

[41] I propose now to deal separately with the findings made by the Board under various headings.

Credibility of Witnesses

[42] The finding of the Board on the credibility of witnesses is as follows:

"On the question of credibility, the Board preferred the evidence of Pauline Haycraft, Geoff Smith, Dianne Jensen, Tracey Heazlett, Kym Smith, Glenda Simpson, Mr and Mrs Canham, Janice Lepp, Elizabeth and Angela Washington, Tania Hill, Alwyn Roberts, Paul Clough, Kelly Calaghan, Peter George, Jenny Worthington, and Celine Lapointe where that evidence conflicted with Mr. Burgess' evidence."

[43] I have regard to the observations of the High Court in *Warren v. Coombes* (supra).

Detailed submissions were made criticising in various ways the approach by the

Board to assessing the credibility of various witnesses. The Board saw and heard those witnesses. The Board was not bound by the rules of evidence. I am not satisfied that any ground has been made out for disturbing the view the Board took in preferring the evidence of the specified witnesses where that evidence conflicted with the evidence of Mr. Burgess. I note that the Board refrained from expressing a preference for some witnesses where it might be thought that a particular witness may have had "an axe to grind" against Mr. Burgess. It has not been shown the Board failed to use or palpably misused its advantage or acted on evidence which was inconsistent with facts incontrovertibly established by the evidence or which was glaringly improbable.

Sexual Relationship with Girl Under 15 Years

[44] This involved a relationship between Mr. Burgess and a girl, Dianne Tillett in Sydney. Ms. Tillett had been a pupil at the school at which Mr. Burgess taught. As a teacher he was involved in the supervision of some extra-curricular sporting activities in which she was engaged. He provided home tuition after school hours at her home with the express permission of her parents.

[45] The findings of the Board on this relationship are as follows:

"The Board took the following view of Mr. Burgess' relationship (both non-sexual and sexual) with Dianne Tillett:

- (a) *In August 1977 Mr. Burgess instigated a sexual relationship with a female child aged 13 years and 2 months;*
- (b) *He was then 28, married, but separated from his wife;*
- (c) *He maintained the sexual relationship for 6 months;*
- (d) *When the romantic attachment began, she was 12 years old and a pupil at the school at which he taught;*
- (e) *On his own admission (record of interview) there was a teacher/pupil relationship;*
- (f) *By his own statement to the police when first apprehended, he was then unfit to be a teacher."*

- [46] Subsequently in its findings the Board described the relationship in the following terms:

"His misconduct with the 13 year old pupil was a disgraceful breach of trust and betrayal of his obligation as a teacher."

- [47] The sexual relationship with the girl commenced just after she had turned 13 and after she had left the school at which Mr. Burgess was teaching and had gone to another school.

- [48] Evidence to support these findings includes statements by the accused in a record of interview with a police officer. I am satisfied that these findings were open on the evidence before the Board and no ground has been made out for disturbing these findings. In my opinion, the Board was fully justified in the circumstances in describing the misconduct of Mr. Burgess with this 13 year old pupil as a disgraceful breach of trust and betrayal of his obligation as a teacher. He was aged 28. He was not an immature adolescent.

- [49] Had there been subsequently a full and frank disclosure of the circumstances by Mr. Burgess to the governing body of any school in the years immediately following sentencing in 1979, I infer it is highly improbable that the governing body would have allowed Mr. Burgess to be employed as a teacher. I infer that the continued employment of Mr. Burgess as a teacher after his sentence in 1979 is likely to have been the result of subterfuge, concealment and misrepresentation on the part of Mr. Burgess. Mr. Burgess has continued in employment as a teacher since 1979, firstly in New South Wales and then in Queensland.

Concealment or Misrepresentation of Facts

[50] The Board made the following findings on concealment or misrepresentation:

- “(a) Since 1979 up to the present time, he has misrepresented the circumstances of the relationship with the girl by:
 - (i) Giving the impression she was almost 16;
 - (ii) Giving the impression he was not much older;
 - (iii) Giving the impression that her parents knew of the sexual relationship;
 - (iv) Giving the impression that there was not teacher/pupil relationship.
- (b) By that pretence, he has:
 - (i) Obtained employment as a teacher (Masada College, Sydney);
 - (ii) Been guilty of material non-disclosure to CEGS/Brisbane;
 - (iii) Failed to address fully enquiries from school parents, teachers, and recently the Children's Commissioner about his misconduct with the girl.
- (c) His misconduct with the 13 year old pupil was a disgraceful breach of trust and betrayal of his obligation as a teacher. That misconduct, together with his misrepresentation of the circumstances to interested parties, demonstrate poor character and unfitness to be a teacher.”

[51] Ms. Haycraft was a teacher at Masada College Sydney when he was sentenced in 1979.

[52] I am satisfied that the findings of the Board on all these matters are supported by the evidence. As I have already indicated, it is highly improbable that Mr. Burgess would have been given employment as a teacher at any school had the governing body of the school been fully appraised by Mr. Burgess of the circumstances regarding his plea of guilty in 1979.

[53] The question is not whether there was a legal obligation on Mr. Burgess to make a full and frank disclosure of the 1979 sentence.

[54] Mr. Burgess moved to Queensland and in April 1980 he obtained registration as a teacher under the Queensland statute. At that time the relevant statute required Mr. Burgess to disclose details of previous convictions.

[55] He had not been convicted in the Penrith District Court on his plea of guilty. He had been placed on a good behaviour bond without a conviction being recorded. In the circumstances there was no legal obligation for Mr. Burgess to make disclosure of his plea of guilty. Nevertheless, the gross misconduct by Mr. Burgess with a 13 year old pupil together with his concealment or misrepresentation of the true facts of the relationship to interested parties thereafter did in my opinion demonstrate poor character and raise serious questions as to his fitness to be a teacher.

Misconduct at Ormiston College

[56] The Board made the following findings in relation to the behaviour of Mr. Burgess as a principal at Ormiston College:

- "(i) he sexually harassed the teacher Tracey Heazlett, resulting in an \$15,000 settlement payment to this teacher;*
- (ii) he sexually harassed the teacher Kym Smith and others;*
- (iii) he behaved inappropriately to the pupil Elizabeth Washington by:*
 - sitting her on his knee*
 - picking her up with her legs around his waist*
 - putting his hands on her bottom and bare legs*
 - hugging and embracing her;*
- (iv) he frequently hugged, kissed and touched female staff and pupils;*
- (v) he asked female staff for a 'hug' or a 'kiss'*
- (vi) he took a 13 year old female pupil on a walk on a beach for 45 minutes out of sight of teachers and other pupils;*
- (vii) at a softball competition he picked up a female pupil aged 14 to 15 with his face in her lower stomach/pelvic region and his arms around her upper thighs."*

- [57] I am satisfied that these findings of fact were open on the evidence before the Board and no ground has been made out for disturbing these findings. Given the gross breach of trust by Mr. Burgess as a teacher in New South Wales it behoved him to be very cautious in his dealings with female staff and female pupils thereafter. A witness favourably disposed to Mr. Burgess described him as a "touchy feely" type of person. (See volume 7 of record p.18). Mr. Burgess would have been well advised to avoid inappropriate behaviour with female staff or female pupils.

Misconduct at the Sunshine Coast Grammar School

- [58] Mr. Burgess founded the Sunshine Coast Grammar School and was the principal at that school. The Board made the following findings:

- "(i) he kissed and touched female pupils and staff;*
- (ii) he touched a female parent while making suggestive comments."*

- [59] I am satisfied that these findings were open on the evidence before the Board and no ground has been made out for disturbing these findings.

Character References for Mr. Burgess

- [60] Before the Board there were various character references given for Mr. Burgess, both oral and in writing. It is clear that Mr. Burgess is an excellent teacher and he has greatly impressed many people over time.

- [61] The Board made these findings:

- "(i) for every favourable reference, there is an unfavourable statement;*
- (ii) the authors of the unfavourable statements appear to be better informed than the authors of the favourable ones;*

- (iii) *references which do not mention his misconduct with the 13 year old girl are worth little;*
- (iv) *references which disclose some knowledge of the offence with the 13 year old girl, but less than full knowledge of the facts are worth little;*
- (v) *references from those who "do not want to know" the details of Mr. Burgess' past transgressions are worth little;*
- (vi) *there is evidence that teachers were required to write references about Mr. Burgess for forwarding to the Commission for Children and Young People;*
- (vii) *there is evidence that in at least one case a teacher was required to write a reference in return for a "favour";*
- (viii) *there is evidence that teachers were required to submit to Mr. Burgess' personal assistant prior to their being sent, their references in support of Mr. Burgess for the Commission for Children and Young People;*
- (ix) *there is evidence that some teachers amended or withdrew their references when they became aware of the full facts of Mr. Burgess' relationship with Dianne Tillett.'*

[62] I am satisfied that these findings were open on the evidence before the Board and no ground has been made out for disturbing these findings.

Emotional and Psychiatric Problems

[63] There is evidence before the Board from a psychiatrist, Dr. Sullivan, and the psychologist, Dr. Lynagh. The Board made the following finding:

"The Board noted the evidence of the psychiatrist, Dr. Sullivan, and the psychologist, Dr. Lynagh but found that while it provided some explanation for some of his behaviour it provided no acceptable excuse."

[64] I am satisfied that the Board was justified in making these findings. In truth, these reports were, in my opinion, of little assistance to the Board. Like many other citizens, Mr. Burgess was no doubt suffering from significant emotional problems at various times in his life. While providing some explanation for his behaviour this evidence provided no acceptable excuse.

Estoppel

- [65] It was submitted on behalf of Mr. Burgess that the Board was estopped by its conduct from cancelling the registration of Mr. Burgess.

This argument depends, inter alia, on proof of knowledge by the Board of relevant facts at various times. There is simply no evidence as to the knowledge of the Board of relevant facts at various times. There is no substance in this argument and I do not find it necessary to deal with it any further.

Cancellation of Registration

- [66] The Board concluded:

"For all of the above reasons the Board was satisfied that Mr. Burgess is not of good character to be registered as a teacher. The Board considered Mr. Devlin's submission that provisional registration with conditions was an alternative, but decided that this would be inappropriate in this case."

- [67] As already indicated, I am satisfied that there was evidence that justified the various findings made by the Board. The Board had the great advantage of seeing and hearing the witnesses. No ground has been made out for setting aside the findings made by the Board. I am not satisfied that the Board erred in preferring the evidence of various witnesses to the evidence of Mr. Burgess.

- [68] So far as the sexual relationship with Dianne Tillett is concerned, one may observe that 1979 is a very long time ago. On one view of the matter Mr. Burgess has substantially rehabilitated himself since 1979. He has shown much perseverance and industry and has some significant achievements. Character references show he has greatly impressed many people. He is an excellent teacher. Nevertheless, as the

findings of the Board indicate, he has subsequently been involved on various occasions in inappropriate behaviour with female teachers and female pupils. The Board was entitled to find his behaviour in these matters was improper and unacceptable for a teacher. At times his administrative skills were inferior and he had a management style that tended to attract some people and alienate others. That is a partial explanation for some of the problems that he generated.

[69] It is urged that, given the great lapse of time since 1979 and substantial rehabilitation by Mr. Burgess since that time, it is much too harsh a penalty for the Board to cancel his registration as a teacher.

[70] Nevertheless, his sexual misconduct at age 28 with a 13 year old pupil was a gross breach of trust and disgraceful conduct for a teacher. He was not an immature adolescent. He was extremely lucky not to be sent to jail in 1979. I infer that concealment and misrepresentation of the true facts enabled him thereafter to continue in employment as a teacher. All analogies are said to be crude and imperfect. Yet in various walks of life a person who is guilty of a gross breach of trust may find that there are life long consequences for a gross breach of trust. One analogy is to be found in business and commerce. A person may be placed in a position of trust and subsequently be guilty of a gross breach of trust, e.g. a bank officer who steals bank funds. Such a person may find that for the rest of his life he is never again placed in a position of trust. Actions have consequences. They may be life long.

[71] Another analogy is to be found in the position of solicitors. If a solicitor is involved in a gross breach of trust, for example by misappropriation of a substantial amount

of trust funds, he will almost certainly be removed from the roll of solicitors even though there has been full restitution. He may never again be restored to the roll of solicitors. The gross breach of trust is likely to have life long consequences.

Proper Approach to Consideration of Good Character

[72] In *Re Davis* (1947) 75 CLR 409 at 426, Dixon J (as he then was) commented as follows on the consequences of wrongdoing committed by a barrister many years earlier:

"As to the facts, I hope that I have stated them in a way which brings out many considerations undeniably favourable to the appellant. He has shown industry, perseverance and courage amidst the most adverse circumstances, and has overcome many disadvantages and obstacles encountered particularly in his early years.

His mental breakdown and even his descent into criminality will evoke much human sympathy. It is always so upon moral questions, particularly when a man, whose conduct or actions have been in many respects praiseworthy, mars his life by a crime.

But, though concern for an individual who is overtaken by the consequences of past wrongdoing is a very proper human feeling, it is no reason whatever for impairing in his interests the standards of a profession which plays so indispensable a part in the administration of justice.

Housebreaking for the purpose of theft is not a crime the effect of which as a disclosure of character can be considered equivocal. It is not so easy to imagine explanation, extenuation or reformation sufficiently convincing or persuasive to satisfy a court that a person guilty of such a crime should take his place as counsel at the Bar.

But a prerequisite, in any case, would be a complete realization by the party concerned of his obligation of candour to the court in which he desired to serve as an agent of justice. The fulfilment of that obligation of candour with its attendant risks proved too painful for the appellant, and when he applied to the Board for his certificate he withheld the fact that he had been convicted.

In those circumstances the conclusion that he is not a fit and proper person to be made a member of the Bar is confirmed."

- Thomas JA observed in *Barristers Board v. Davveniza* (2000) QCA 253 at para. 32:

"When it makes such orders [the striking off of a practitioner] the Court does so not by way of punishment but in order to protect the public and maintain public confidence in the administration of justice. So far as the criminal law is concerned the respondent has already paid his debt to society by being found guilty of the offences in question and having been fined. He has also suffered a good deal of public ignominy. Further disadvantages will mean that he is dealt with more harshly for his transgressions than other members of the public. That however is an unavoidable consequence of maintenance of the necessary high standards in the profession of barrister."

- Remorse for past wrongdoings may be an element in the test: *Attorney-General v. Bax* (1999) 2 Qd.R. 9

- Thomas JA in *Darveniza* (supra) at para. 33 commented further:

"The ultimate test is whether the respondent is a fit and proper person to remain a Barrister. Generally speaking the quality most likely to result in striking off is conduct which undermines the trustworthiness of the practitioner, or which suggests a lack of integrity or that the practitioner cannot be trusted to deal fairly within the system which he or she practices."

And at para. 35:

"The need for conduct revealing the character of the practitioner to be of a kind that threatens the professional function of the practitioner is emphasized in Ziem's case."

- [73] As to what is good character and as to how it should be judged by a body enforcing professional standards was detailed by Kirby, J in *McBride v. Walton* (NSWCA, 15 July 1994, BC9402907) at para. 23:

"The phrase 'not of good character' is therefore not at large. It must be construed as limited to the context in which it appears. To give it too wide an ambit would be to ignore that context and to impose upon the Tribunal obligations different from those for which it was created by Parliament and for which its procedures and memberships would be ill-suited".

And, at paragraph 24:

"Even within this narrower concept of "good character" it is important to remember that no person's character is entirely flawless. Thus, it is not every flaw of character, even having relevance to a medical practitioner's entitlement to practice the profession of medicine in relation to the public, which will warrant a conclusion that he or she is not of good character."

And, at paragraph 26:

"Once the impugned conduct is properly found and classified it is then necessary for it to be seen in a wider context of the medical practitioner's "character" including evidence of "good character" as demonstrated by his or her service in the profession and the community. Relevant here will be any evidence provided as to the practitioner's good fame and character in the eyes of patients, fellow practitioners and other citizens. Such evidence may help to show the underlying qualities of character of the practitioner in question. They may assist in the evaluation of the overall character of the practitioner. They may lead the Tribunal to the view that the particular character impugned and proved is to be regarded as exceptional and such as will not require the ultimate conclusion that the practitioner is not of good character or if that conclusion is found, that some order short of removal from practice is appropriate to the case. ... Having regard to the serious consequences which flow from the result of an affirmative finding, the complainant is required to prove the case to a very high level of satisfaction: Briginshaw v. Briginshaw & Anor (1938) 60 CLR 336."

[I note here that the Act in s.70 requires proof on the balance of probabilities and the Board stated it was so satisfied in the findings it made.]

[74] Whilst there is no exhaustive test to be applied when judging a person's "good character" or in deciding that a person is "not of good character" there are a number of matters that are often referred to in the cases, namely:

- The fact of a conviction and sentence is not conclusive of the ultimate issue:
Ziems v. The Prothonotary of the Supreme Court of New South Wales (1957)
97 CLR 279 at 288 (per Fullagar J).

- As to the question of punishment, Fullagar J in *Ziems* (supra) at 289 referred to the following observations of Jordan CJ in *Re Wishart* (S/C NSW, Full Court, unreported):

"It must be remembered that in the present proceedings there is no question of punishing the respondent. He has been convicted and what was regarded as the appropriate punishment has already been inflicted."

[75] In my opinion, the Board was entitled to have regard to the non-disclosure by Mr. Burgess of his misconduct with the 13 year old pupil and his inadequate disclosure.

[76] Any behaviour found to be inappropriate for a teacher is relevant to the ultimate question of fitness to be a teacher, even though the events may have happened many years earlier. The weight to be attached to that behaviour was a matter for the Board to determine.

The inappropriate behaviour found by the Board was of such a nature that it was entitled to rely on it even though some events happened a very long time ago. In my opinion, the conduct of Mr. Burgess in 1977 with a 13 year old pupil was disgraceful and showed unfitness to be a teacher at that time. His sexual harassment of two teachers at Ormiston was unacceptable. His inappropriate treatment of female pupils at Ormiston, in combination with the sexual harassment of two teachers and other inappropriate conduct found by the Board, raised serious doubts as to fitness to be a teacher at that time.

There was continuity in inappropriate behaviour from 1977 up to the hearing before the Board. There was a similarity in inappropriate behaviour from 1977 to the present in that it all concerned the touching of females – teachers, pupils, and parents.

The continuity of this inappropriate behaviour resulted in a body of evidence adverse to Mr. Burgess and which was of considerable weight on the question of his fitness to be a teacher.

In my opinion, the Board was justified in regarding all of these matters as showing Mr. Burgess to be a person unfit to be a teacher. Concern for an individual who is overtaken by the consequences of past wrongdoing is a very human feeling, but that is no reason whatever for impairing in the interests of Mr. Burgess the standards of a profession to which the community entrusts the immensely important task of educating young children and adolescents.

- [77] In all the circumstances I am not satisfied that any error has been made out on the part of the Board. I am satisfied that the evidence before the Board justified the Board's decision that the registration of Mr. Burgess as a teacher should be cancelled as from 31 October 2002.

Costs

- [78] The Board ordered Mr. Burgess to pay the Board's costs of the inquiry. Given that the inquiry resulted in the cancellation of his registration as a teacher, the consequences for Mr. Burgess were extremely severe. He has lost the right to earn

the livelihood for which he has trained. In the circumstances I consider it was harsh for the Board to make this costs order against Mr. Burgess.

[79] Nevertheless, a statutory discretion was conferred upon the Board. Minds may well differ as to how that discretion should be exercised.

[80] I am not satisfied that the exercise of discretion by the Board has miscarried. Accordingly I decline to interfere with the decision of the Board as to costs.

[81] The Board in conducting an inquiry has express power under s.54 to prohibit publication of the names of witnesses. An inquiry may involve very delicate matters involving teachers and school children. Such a power is highly desirable. It is remarkable that on appeal a District Court judge has no such power. The Act should be amended to give similar power to a District Court judge on appeal.

[82] I dismiss the appeal. I order the appellant to pay the respondent's costs of and incidental to this appeal to be assessed on the standard basis.

Released under the
RTI Act by DE

Pages 323 through 346 redacted for the following reasons:

Schedule 3, item 7

Released under the
RTI Act by DET