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Education, Academic, Faculty, Students, Library, Physical, Plant, Facilities, Public, Relations, Other, Information.
2. As certain documents are not in the file, the following list of documents is maintained in the file. The following documents are in the file:  
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necessary, a document is not in the file.
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number 1.
5. No document is in the file.

TO: [REDACTED]

1. Initial and date of onset of symptoms
2. Give details of

TO THE HONORABLE MEMBERS OF THE HOUSE OF REPRESENTATIVES

**Transfer of Funds**

1. Initiate and file "Action Computer" Column 3
2. Enter document or form number(s) in Column 3 and refer to those number(s) on other columns of Non-Stat Schooling (NSES)
3. Enter name of Record number in Column 3 and enter date in Column 3 and where date is to be submitted
4. Give file to NSES for processing

Transfer by mail on 12/25/2014

1. Complete details on "The Hammer Ship" (inside cover).
2. Give the complete "The Hammer Ship" to 1945.
3. Indicate the "Action Summary" (Column 3).
4. Enter document or file number(s) in Column 1 to be referred to during presentation of the subject of Non-State Schooling Cases.
5. Enter name of Soviet teacher or officers of SOOPS in Column 2 to whom the case is referred.
6. Indicate the name of the officer of SOOPS.

[illegible]

## REFERENCES

**RMS Subject File (Pre June 2002)**

MO550/23/407-3

Owner Office of Non-State  
Location Education INSHE

**Home Location**      **NSSAB Home Storage Location**

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Date Created 1/01/2002

## SCHOOLS MANAGEMENT ACCREDITATION

**SUNSHINE COAST GRAMMAR SCHOOL - 0599**

**THIS FILE IS  
CLOSED**

**THERE IS A PART  
IV**

**MO550/23/407-4**

Friday, 26th December 2003.

## **New owners for Grammar**

### **Troubled school set to start a new chapter**

THE Sunshine Coast Grammar School has a new owner after the Presbyterian and Methodist Schools Association entered into an agreement to buy the school's assets and operation.

PMSA has a long and distinguished history in Queensland education, having run Somerville House (formerly the Brisbane High School for girls), Clayfield College and the Brisbane Boys College since early last century.

It has also run Moreton Bay Boys College since the start of this year in a joint venture arrangement with Moreton Bay College.

Robyn Perrin from the SCGS acquisition steering committee welcomed the Christmas Eve announcement, saying "it looks like it will be very positive for the school".

Des Robinson, deputy chairman of the PMSA council said the association was aware of the history of the grammar school, particularly in relation to disgraced former head John Burgess, but said the purchase would draw a line in the sand. "The past is the past... all we want to do is look at the future," he said.

A meeting has already been held with the Non-State Schools Accreditation Board (NSSAB) to discuss the issue of renewing the school's accreditation which had been under threat following an audit earlier this year. Mr Robinson said the meeting had been positive and he didn't "see any problem in getting the accreditation".

He also said "one of the real positives" in the purchase was the agreement by recently retired head of Somerville House, Dr Murray Evans, to act as a consultant CEO to plot the future course for Sunshine Coast Grammar. "Murray is very well respected in the education field," Mr Robinson said.

One of Dr Evans' first major roles will be to look at getting a resource centre, one of the key concerns, with the ownership of the school, outlined by the NSSAB in its "show cause" notice to the grammar school board. Coincidentally, Dr Evans conducted the audit which led to that "show cause" notice being issued.

Meanwhile Mr Robinson moved quickly to allay one of the main issues parents had with the new owner, that of the school remaining non-denominational. He said he didn't see any problem with that, adding it would "basically run as a Christian school", in the same way the association's other schools did.

He also said the PMSA wanted the existing teachers, including co-principals Coral-Anne Reason and Stuart Marquardt, to remain at the school under the present employment agreement.

Mr Robinson also flagged the creation of a parents and friends association, and having members of the school community on a new board.

He wasn't prepared to discuss the sale price, but stressed that PMSA had not bought the shares in Sunshine Coast Grammar School Pty Ltd, belonging to John Burgess and his wife Kim.

That paves the way to ensure any surplus funds from the purchase, left over after liabilities are paid, will be returned to the school as stated in its constitution.

Parents and staff will be advised of the sale in writing with the new owners saying they expected to officially move in on January 19 in readiness for the 2004 school year.

Wednesday, 24th December 2003.

**Grammar school sale is imminent**  
**But accreditation to open next year won't be automatic for buyer**

THE new owner of the Sunshine Coast Grammar School could be announced as early as today, with interested parties queuing up to discuss matters of concern. Among them will be the Non-State Schools Accreditation Board which said yesterday the new governing body "must seek accreditation from the Board to keep operating as a school".

The NSSAB said it would consider such an approach as a matter of priority.

In September, the board issued a show cause notice to Sunshine Coast Grammar as to why its accreditation should not be cancelled. "The new governing body will need to remedy any outstanding matters set out in the show cause notice issued to the current governing body," a spokesperson for the NSSAB said yesterday.

Serious concern has also been expressed about what might happen to any surplus funds received from the new purchasers. In relation to that concern, the NSSAB has previously said that because the "not-for-profit" school receives Federal and State Government funding, "any profits from the school's operation must be used entirely to advance the school's stated philosophy and aims".

The Sunshine Coast Daily understands that assurances have been provided that any surplus on sale would be dealt with as set out in the company's constitution, meaning the funds would go back into the school.

Meanwhile Robyn Perrin, from the school's acquisition steering committee, said representatives of her group would seek an urgent meeting with the new owners to clear the air over a number of issues.

"We would want to know their reasons for buying the school, what they would bring in terms of putting the building program back on track and what commitment they had to retaining most of the current staff," she said.

Released under RTI Act

Pages 5 through 6 redacted for the following reasons:

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Schedule 3, item 7

RP:ALM

22 December 2003

Emeritus Professor Roy Webb AO  
Chairperson  
Non-State Schools Accreditation Board  
Queensland Government  
Floor 21  
Education House  
30 Mary Street  
BRISBANE QLD 4000

Dear Professor Webb

**SUNSHINE COAST GRAMMAR SCHOOL**

We refer to your letter received by facsimile on 18 December 2003.

We have noted the contents of your letter and advise that we have not provided any advice to either Sunshine Coast Grammar School Pty Ltd nor the shareholders of the company in relation to the issues raised in your letter.

We understand that the shareholders have sought their own independent legal advice on issues similar to those raised in your letter.

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

  
ROSS PATANE  
DIRECTOR

RECEIVED  
22 DEC 2003

BY: .....

# FILE NOTE

Document2

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**FILE REF:**

**DISCUSSIONS WITH:** PROFESSOR ROY WEBB, CHAIR, NSAAB

**PHONE:**

**FAX:**

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**SUBJECT: SUNSHINE COAST GRAMMAR SCHOOL**

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Roy advised that he had read the advice of Mr Gotterson QC and was concerned about whether or not the Board should take action on it. He advised me that the Board had decided at today's meeting not to take any action. However, he still had concerns about whether the Board had any capacity to act on it.

We discussed the matter in terms of the Board's functions. Professor Webb queried whether we could provide the legal advice to William Buck. I told him that I was not sure whether legal professional privilege applied and if so, whether it had been waived. I suggested that perhaps we could outline the substance of the advice and the issue raised i.e. that there may be a charitable trust and that the sale could fall outside the terms of that trust and seek a response. I told Professor Webb that we would need to consider the provision in the Accreditation Act which deals with "protected information" i.e. s.173.

Professor Webb and I worked through the provisions of the Act and concluded that the legal advice was "protected information" within the meaning of the Act. We then considered the exemptions which would allow disclosure of the information under subsection (3). We found subsection (3)(a)(i) applied given that the information is disclosed in the performance of a function under the Act i.e. s.106(1) - to perform other functions given to the board under this Act or another Act being s.40(2) - to investigate the governing body to help in deciding whether it is suitable to continue to be the school's governing body.

We drafted a letter to William Buck accordingly.

  
Deborah Tanzer  
A/Senior Investigator  
Office of Non-State Education

3235 4661

19 December 2003



18 December 2003

Attention: Mr Ross Patane

Messrs William Buck  
Chartered Accountants  
GPO Box 736  
BRISBANE QLD 4001

Dear Mr Patane

**RE: PROPOSED TRANSFER OF OWNERSHIP OF SUNSHINE COAST  
GRAMMAR SCHOOL**

I refer to the above matter and, on behalf of the Non-State Schools Accreditation Board, request your urgent advice in relation to the proposed sale.

Specifically, I am writing to request your response to information that has come to the attention of the Board that indicates that Sunshine Coast Grammar School Pty Ltd may hold all its property on charitable trust for its objects and that this would prohibit distribution of income or property to members and would require any surplus on winding up to be applied for educational purposes. Additionally, any advertisement for the sale of the school would be contrary to the terms of the charitable trust.

I would appreciate your response to this advice to enable the Board to give full consideration to this issue.

Yours sincerely

  
**Emeritus Professor Roy Webb AO**  
Chairperson

**RECORDS AWAY**  
/ /  
**18 DEC 2003**

## Work in Progress

**CRITICAL DATE:**  
Closing Date for  
submission of  
formal offer.

RTI Application - 340/5/2011 - Document Number 10

DA/03

7.1

RP:am  
17 December 2003

Mr L Vogler  
Director, Office of Non-State Education  
Floor 21, Education House  
30 Mary Street  
BRISBANE QLD 4000

Dear Mr Vogler

**Sunshine Coast Grammar School  
Status Of Change of Ownership Process**

As you are aware we are approaching the concluding and critical phases of our engagement to facilitate the change of ownership of Sunshine Coast Grammar School. We have throughout this process reported to you periodically on the progress achieved through the project timetable, and now provide our comments on the current status.

**Summary of the Process to Date**

We are satisfied with the progress we have achieved though an optimistic timetable in view of the complex and volatile circumstances. A summary of the progress to date is set out below:

- We were formally appointed by the shareholders of Sunshine Coast Grammar School Pty Ltd on 7<sup>th</sup> October 2003
- Expressions of interest were called for on 22 October 2003 by way of various media
- Expressions of interest closed on 7<sup>th</sup> November 2003 with 35 written submissions received
- An Information Memorandum was distributed to 15 qualified parties to facilitate indicative non-binding offers
- 12 indicative non-binding offers were received on 21 November 2003
- A primary short-list of 8 potential bidders were invited to commence due diligence procedures in a controlled data room environment established in our offices from 24 November 2003 to 12 December 2003
- Either through their own circumstances or by way of active culling of the bidder short-list, 4 short-listed parties have been excluded during the due-diligence procedures.

We reasons for withdrawal or exclusion from the process have been many and varied, with the focus being primarily on activities/operations inconsistent with the current operation of the school, financial viability of the purchaser, or concerns about the ability to meet accreditation requirements. We note that during the process our clients instructed us to exclude parties on the basis of that their proposals included an element of ongoing financial or operational involvement at the school.

### Current Bidder Shortlist

The current bidder short-list comprises the following parties (in no particular order):

1. Presbyterian and Methodist Schools Association – Queensland
  - o Existing operator of schools in Queensland
2. Anglican Church Grammar School / Anglican Diocese of Brisbane - Queensland
  - o Existing operator of schools in Queensland
3. Sydney Anglican Schools Corporation – New South Wales
  - o Existing operator of 14 schools in New South Wales
4. Christian Brethren Ministries Ltd – Queensland
  - o Existing operator of schools in Queensland

We are encouraged that each of these parties has gone to considerable expense and effort in conducting their due diligence procedures and has demonstrated an appropriate commitment to proceeding with the acquisition.

Apart from Sydney Anglican Schools Corporation, all bidders are existing operators of schools in Queensland. SASC may require special assistance to process their accreditation status and to obtain suitability cards from Commission for Children and Young People.

### Method of Sale

Bidder feedback in the latter stages of the process has indicated that the purchaser will adopt an acquisition of assets as the method of acquisition. In our earlier discussions it was mooted that the transaction may be facilitated by way of sale of shares in the company Sunshine Coast Grammar School Pty Ltd, and it is now clear that this will not be case.

Draft contractual documentation has been circulated earlier this week to the short-listed bidders including:

- Business Purchase Agreement
- Commercial Property Contract – Standard Terms – Main School Site
- Land Sale Contract – Special Conditions – Adjoining Land

It is the decision of the purchaser as to whether take advantage of the option to acquire the adjoining land. If the option is left to lapse the proposed easement to provide secondary access has been assured by the landowner.

Contract terms include:

- Sunshine Coast Grammar School Pty Ltd will cease to conduct all activities in relation to the operation of the school except for transitional assistance provided to the purchaser in relation to accreditation, financial records and asset transfers
- Sunshine Coast Grammar School Pty Ltd will change its name upon settlement
- The firm settlement date is 19 January 2004.

### Confirmations and Considerations

You would have received notice from Bennet & Philp Solicitors that s47(3)(b) is now sole director of Sunshine Coast Grammar School to effect the change of ownership process.

We have received confirmation from the Commonwealth Bank that upon settlement of their debt they will release securities to give effect to the change of ownership.

### Timetable to Completion

As outlined above all parties have completed data room due diligence procedures and have been circulated with draft contractual documentation. A summary of the timetable to completion is as follows:

- Final offers to be received by 6pm 19 December 2003
- Consideration of final offers over 20,21 December 2003
- Acceptance of offer and confirmation of purchaser by close of business 22 December 2003
- Contract terms completed and executed over the course of 22,23,24 December 2003
- Firm settlement date for 19 January 2004

We will immediately notify you of the identity of the purchaser when we become aware of this on or before the close of business 22 December 2003. In the meantime if you have any queries please contact me direct on 07 3233 3498 or mobile 0419 773 613.

Yours sincerely  
**WILLIAM BUCK (QLD) PTY LTD**  
ABN 66 106 244 455



ROSS PATANE  
DIRECTOR



Non State Schools Accreditation Board

16 December 2003

I trust that all of the issues raised by you are satisfactorily addressed in this letter and its enclosure.

The school awaits your board's response in respect of all matters raised by both the Show Cause Notice and the Compliance Notice issued on 2 September 2003.

Yours faithfully

MCCOLM MATSINGER



Malcolm McCole

mmccole@mmlaw.com.au

Enc

Released under the  
RTI Act by DET

Pages 16 through 27 redacted for the following reasons:

-----  
Schedule 3, item 7

**VOGLER, Laurie**

**From:** Robyn Byrnes [rbyrnes@bigpond.com]  
**Sent:** Monday, 15 December 2003 5:20 AM  
**To:** VOGLER, Laurie  
**Subject:** SCGS

Laurie

Attached is Bob Gotterson's opinion for your information. I understand that Jim Ryan has discussed with both Mark Ryan and Bob Gotterson how any action to declare the trust and change the trustee should proceed and the timing of such action. Jim is preparing a letter for the Attorney-General setting this out which should be ready today. My understanding is that they all still think this could be done and finished early January.

Mark Robertson also reviewed the letter the Acquisition Steering Committee received from Bennett & Philp and advised that we should send them a copy of Mr Gotterson's opinion. He also advised that this opinion should be sent to the directors of the company and William Buck.

How the trust issue will be viewed by potential purchasers is something we don't know at this time and are not really in a position to discuss with them as this process is so secret. If another school is going to buy the school to run as a school then there should be no problem as there will not be any expectation of profit. There will be a problem for them if they intend to change the school significantly however we have been advised by William Buck that this is not so. I'm not sure whether William Buck has informed potential purchasers of this issue. I would have thought that they would have an obligation to do so as they do know about it, however Ross Patane indicated otherwise to a parent after the last Parent Club meeting. Once they receive Bob Gotterson's opinion I think they will have to inform potential purchasers if they have not already done so. We are aiming to discuss this issue with the potential purchaser when announced and I will inform William Buck that we are happy to discuss it with any of the remaining entities in the race if they so desire. I don't think that the two processes have to be totally mutually exclusive.

Although I have my mobile with me reception here is very poor if you need to contact me regarding this, email may be more reliable.

Regards

Robyn

Released under  
RTI Act by

Pages 29 through 41 redacted for the following reasons:

-----  
Schedule 3, item 7

# RYANS

SOLICITORS

&

ATTORNEYS

*James C. Ryan* LL.B.(Hons.), Dip.L.P., A.I.Arb.A.  
REGISTERED ARBITRATOR  
APPROVED MEDIATOR

YOUR REF:

OUR REF: JCR:LG

15 December, 2003

Director General  
Department Justice & Attorney General  
GPO Box 149  
BRISBANE QLD 4001

Email: [justin.harper@ministerial.qld.gov.au](mailto:justin.harper@ministerial.qld.gov.au)

Attn: Justin Harper

Dear Sir,

RE: SUNSHINE COAST GRAMMAR SCHOOL

Our Mr Ryan acts on behalf of a number of the parents of students of the above school.

We understand that you are in possession of the following:

1. Brief to Counsel Mr Mark Robertson dated 6 November 2003;
2. Opinion of Barrister-at-Law, Mr ML Robertson, dated 13 November 2003;
3. Memorandum of Advice - Opinion of Queen's Counsel, Mr R W Gotterson QC, dated 12 December 2003.

Mr Gotterson QC's advice was sought to put beyond doubt, following our previous meeting, the advices of our Mr Ryan and Mr Robertson of counsel that the school was established for the charitable purpose of the advancement of education.

As you are aware, the controlling shareholder of the trustee of the School - Sunshine Coast Grammar School Pty Ltd - is causing the trustee to advertise the School for sale, which is contrary to the terms of the charitable trust the existence of which, it must be added, is denied

---

Level 5, 26 Duporth Avenue, Maroochydore Q 4558

P.O. Box 923, Maroochydore Q 4558

Telephone: 07 5443 9911 - Facsimile: 07 5443 8918 - International: 61-7-5443-9911

Email: [winlex@ozemail.com.au](mailto:winlex@ozemail.com.au)

Meeting: 12A/03  
Approved: 7.1

by the shareholder. Not surprisingly, the shareholder contends there is no trust and he can do what he likes with the School and the proceeds of sale.

As outlined by both counsel, the logical procedure is for an application to be made to the Supreme Court of Queensland seeking a declaration as to the existence of the charitable trust and orders for the replacement of the trustee. In this regard, there are a number of people with expertise to stand in either in their own right as trustees or, in the alternative, as the directors of a company to hold the assets of School under trust for the community.

Counsel consider the most appropriate course is for the Attorney General on behalf of the Crown as a *parens patriae* to apply to the Supreme Court to enforce the charitable trust. We submit that such procedure be made by way of an Application pursuant to Rule 11 of the Uniform Civil Procedure Rules as the main issue in the relevant proceedings is an issue of law in relation to the existence of a trust and a substantial dispute of facts is unlikely. You will appreciate the urgent nature of the relief sought.

We understand from the Supreme Court Registry that the matter can be brought up for a period of not more than 2 hours on either the 22<sup>nd</sup>, 23<sup>rd</sup> or 24<sup>th</sup> December 2003 before Justice Muir or, in the alternative, with no time limits it is pretty well open from the 5<sup>th</sup> January 2004 onwards.

We submit that an application be made urgently before Justice Muir on either the 22<sup>nd</sup>, 23<sup>rd</sup> or 24<sup>th</sup> December, 2003 in order to ensure that this matter is brought to the attention of the Supreme Court with the matter to be adjourned to be heard early in January 2004 allowing sufficient time for Sunshine Coast Grammar School Pty Ltd to consider its position.

Would you please advise us of the Attorney General's position as soon as possible.

Yours faithfully,  
**RYANS**

**James Ryan**

Released under the  
RTI Act 2009

Pages 44 through 57 redacted for the following reasons:

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Schedule 3, item 7



12 December 2003

Ms D Rollings  
Director  
General Recurrent Grants Section  
Department of Education, Science and Training  
Location Code 153  
GPO Box 9880  
CANBERRA ACT 2601

Dear Ms Rollings

**Re: Sunshine Coast Grammar School Pty Ltd**

I write to bring to your attention certain matters concerning Sunshine Coast Grammar School Pty Ltd.

As you may be aware, the Board recently issued a Show Cause Notice proposing to cancel the school's accreditation for failing to comply with the accreditation criteria and because the governing body of the school was considered to be unsuitable. The Board is currently considering the governing body's response.

In the meantime, the Board has been advised that a process to change in ownership of the school has commenced. William Buck, Chartered Accountants, has been engaged to transfer the ownership of the school (from s47(3)(b) as soon as a suitable and appropriate alternative operator can be found. I understand that the change of ownership is intended to occur before the start of the 2004 school year.

The Board was advised yesterday (11 December 2003) by solicitors acting for the owners that all four company directors had resigned and that the shareholders had met and altered the company's constitution so that only one director, rather than the former minimum of two, is required.

s47(3)(b) is now the sole director and the company secretary.

The Board understands that a part of the company's constitution states that, in regard to the income and property of the company, they shall be applied solely towards the promotion of the objects of the company and that upon winding up or dissolution, any property whatsoever shall not be paid to or distributed amongst any present or past directors or members."

Your advice on any implications of these developments for the Australian Government would be appreciated.

Yours sincerely

**Emeritus Professor Roy Webb AO**  
Chairperson

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

# bennett & philp - solicitors



12A/03  
7.1

DATE: 11 December 2003  
TO: The Chairperson  
ATTENTION: Mr Laurie Vogler  
FIRM: Office of Non State Education  
FAX NO: 3237 0004  
FROM: Michael Bigg  
EMAIL: mbigg@bennetphilp.com.au  
OUR REF: MSB:en:231663  
TOTAL PAGES: 2 (inclusive of this page)

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Dear Mr Vogler

## SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

As you are aware we have acted previously for the shareholders of Sunshine Coast Grammar School Pty Ltd.

We now act on behalf of those shareholders as well as the company itself.

As you may be aware intensive efforts have been made over the last several weeks to bring about a change of ownership of the school.

These efforts have resulted in many fine educational institutions expressing serious interest in taking over the school and the short listed candidates are now at various stages of due diligence.

Hopefully contracts will be entered into within the next two weeks with a view to a settlement and official hand over prior to commencement of the school year in 2004.

As part of the progression towards the change of ownership the previous Board of the school resigned on Tuesday 9 December 2003 and has been replaced by s47(3)(b) as sole director and sole secretary.

A meeting of shareholders was held on the morning of 9 December 2003 at which the constitution of the company was changed but only in the respect that the requirement for a minimum of two directors was changed to a requirement for one director in accordance with the Corporations Act.

Level 16  
15 Adelaide Street  
BRISBANE QLD 4000

GPO Box 463  
BRISBANE QLD 4001

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

Email:  
[enquiries@bennetphilp.com.au](mailto:enquiries@bennetphilp.com.au)

Website:  
[www.bennetphilp.com.au](http://www.bennetphilp.com.au)

### PARTNERS

Anthony Bennett, LL.M. (ADV)  
Kenneth Philp, B.A., LL.B.  
Michael Bigg, B. Econ. LL.B.  
(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.



ACCREDITED SPECIALIST  
PERSONAL INJURIES LAW



### AREAS OF LAW

Commercial Litigation  
Insolvency  
Personal Injuries  
Debt Recovery  
Commercial Insurance  
Intellectual Property  
Leasing and Mortgages  
Conveyancing  
Wills and Estates

The outgoing Board has seen the close of the current school year and dealt with many operational and other challenges during that year.

As you would be aware schools generally go into something of a care taker mode now until shortly before commencement of the new year.

While the change of ownership of the school is a relatively straight forward process nevertheless, given the size of the operation, inevitably issues will arise as the matter progresses towards completion of the change of ownership. These issues will have to be attended to promptly and efficiently and this can best be achieved by a smaller board whose full time interest is devoted entirely to achieving a smooth transition to the new owners.

s47(3)(b) have been extremely grateful to the outgoing Board for their personal efforts, commitment and sacrifice and would have liked them to have stayed on until completion of this matter. It was the Board's wish to resign and our client can well understand their reluctance to be involved in the final stages of the change of ownership process.

Indeed, given the unusual state of affairs which has led to the necessity of the change of ownership of the school it is likely that probably any independent Board of directors would have taken the same course.

The new Board consisting of s47(3)(b) as sole director and sole secretary will continue the business of the school in a care taker capacity until the change of ownership can be achieved.

If you have any queries please don't hesitate to contact me.

*Michael S Bigg*  
Yours faithfully,  
Michael S Bigg

|                        |                                   |               |              |
|------------------------|-----------------------------------|---------------|--------------|
| Post-it® Fax Note 7671 |                                   | Date 11/12/03 | # of pages 2 |
| To Margaret Laurence,  | From Deborah Tanzer               |               |              |
| Co./Dept. Crown Law    | Co. Office of Non-State Education |               |              |
| Phone # 3239 6338      | Phone # 3235 4661                 |               |              |
| Fax # 3239 6386        | Fax # 3237 004                    |               |              |

RS

**DATE:** 11 December 2003  
**TO:** The Chairperson  
**ATTENTION:** Mr Laurie Vogler  
**FIRM:** Office of Non State Education  
**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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Dear Mr Vogler

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These efforts have resulted in many fine educational institutions expressing serious interest in taking over the school and the short listed candidates are now at various stages of due diligence.

Hopefully contracts will be entered into within the next two weeks with a view to a settlement and official hand over prior to commencement of the school year in 2004.

As part of the progression towards the change of ownership the previous Board of the school resigned on Tuesday 9 December 2003 and has been replaced by s47(3)(b) as sole director and sole secretary.

A meeting of shareholders was held on the morning of 9 December 2003 at which the constitution of the company was changed but only in the respect that the requirement for a minimum of two directors was changed to a requirement for one director in accordance with the Corporations Act.

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 Michael Bigg, B. Econ, LL.B.  
 (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.\*



ACCREDITED SPECIALIST  
PERSONAL INJURIES LAW



#### AREAS OF LAW

Commercial Litigation  
 Insolvency  
 Personal Injuries  
 Debt Recovery  
 Commercial Insurance  
 Intellectual Property  
 Leasing and Mortgages  
 Conveyancing  
 Wills and Estates

11 December, 2003

The outgoing Board has seen the close of the current school year and dealt with many operational and other challenges during that year.

As you would be aware schools generally go into something of a care taker mode now until shortly before commencement of the new year.

While the change of ownership of the school is a relatively straight forward process nevertheless, given the size of the operation, inevitably issues will arise as the matter progresses towards completion of the change of ownership. These issues will have to be attended to promptly and efficiently and this can best be achieved by a smaller board whose full time interest is devoted entirely to achieving a smooth transition to the new owners.

s47(3)(b) have been extremely grateful to the outgoing Board for their personal efforts, commitment and sacrifice and would have liked them to have stayed on until completion of this matter. It was the Board's wish to resign and our client can well understand their reluctance to be involved in the final stages of the change of ownership process.

Indeed, given the unusual state of affairs which has led to the necessity of the change of ownership of the school it is likely that probably any independent Board of directors would have taken the same course.

The new Board consisting of s47(3)(b) as sole director and sole secretary will continue the business of the school in a care taker capacity until the change of ownership can be achieved.

If you have any queries please don't hesitate to contact me.

*Bennett Philp*  
Yours faithfully,  
Michael S Bigg

# bennett & philp - solicitors



**DATE:** 11 December 2003  
**TO:** The Chairperson  
**ATTENTION:** Mr Laurie Vogler  
**FIRM:** Office of Non State Education  
**FAX NO:** 3237 0004  
**FROM:** Michael Bigg  
**EMAIL:** mbigg@bennetphilp.com.au  
**OUR REF:** MSB:en:231663  
**TOTAL PAGES:** 2 (inclusive of this page)

*If all pages are not received in legible condition, please call (07) 3229 0494 immediately.*  
 When this facsimile transmission is a communication between solicitor and client it is confidential and privileged. If you are not the named addressee, you are required immediately to notify us by telephone or fax and return the original message to us at the postal address shown on this page. The client entitled to claim the confidential legal privilege attaching to this transmission is entitled to recover all copies of it to prevent its dissemination, or use in any form, by appropriate application to the courts. The confidential legal professional privilege is not waived, lost or destroyed by reason of a mistaken delivery to any person other than the addressee.

Dear Mr Vogler

## SUNSHINE COAST GRAMMAR SCHOOL PTY LTD

As you are aware we have acted previously for the shareholders of Sunshine Coast Grammar School Pty Ltd.

We now act on behalf of those shareholders as well as the company itself.

As you may be aware intensive efforts have been made over the last several weeks to bring about a change of ownership of the school.

These efforts have resulted in many fine educational institutions expressing serious interest in taking over the school and the short listed candidates are now at various stages of due diligence.

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*Bennett Philp*  
Yours faithfully,  
Michael S Bigg



**Sunshine Coast Daily (Maroochydore) Saturday 6/12/2003**  
**General News Page 9**  
Circulation: 21,618  
Size: 106.16 sq.cms.

## Grammar principals receive public apology after attack

PARENTS of Sunshine Coast Grammar School (SCGS) students have been sent a letter from the SCGS Acquisition Steering Committee which includes a public apology to co-principals Coral-Anne Reason and Stuart Marquardt.

The pair were subjected to a tirade of abuse and questions from a supporter of disgraced owner John Burgess at a meeting on Tuesday night where Brisbane consultants William Buck updated parents on the school's sale.

Ms Reason subsequently went on stress leave and is seeking advice and assistance from the Queensland Independent Education Union which represents teachers from independent schools.

In a separate statement issued on Wednesday, the Acquisition Steering

Committee said it was "committed to ensuring the school's excellent academic record and strong teaching base is maintained following the sale of the school".

The public apology is seen as a step toward that undertaking.

Meanwhile, the Sunshine Coast Daily understands that a group of parents has moved to ensure the school isn't adversely impacted by the proposed sale.

While keen not to disrupt the sale process, the main concern is ensuring that any profit achieved is donated for the provision of educational services.

The Daily also understands that William Buck will only be paid for its work in securing a sale if Mr and Mrs Burgess, the school's owners, make a profit on the sale.

— GORDON CLARK

Released under RTI Act 1992



**Sunshine Coast Daily (Maroochydore) Saturday 6/12/2003**  
**General News Page 45**  
**Circulation: 21,618**  
**Size: 82.76 sq.cms.**

LETTERS TO THE EDITOR

## Spotlight on school

RE Wednesday mornings front-page article on the Sunshine Coast Grammar School:

The words "prestigious" and "ethos", often written about the Sunshine Coast Grammar School, have now taken on new meaning. Whilst the board of directors allow outrageous salaries to Mrs Burgess and loans to Mr Burgess along with all the perks (cars, etc) and increases in their own fees, the school continues to suffer as do the students and parents.

The teachers, righteously upheld as the strength that keeps the school alive, are now at their wits' end. No answers at the end of another trying year.

More than 25 teachers and staff left at the end of last year and many more are ready to walk away at the end of this year.

Good luck and best wishes to all of them. Mind boggling as it is there are still parents and staff (albeit very few) who stand behind Mr Burgess and continue to blame the rest of the world.

Mr and Mrs Burgess continue to write in their flowery words sent home to the flock that "We are still passionate about its values and we seek the best outcome for our children and yours." We shall see.

I hope the Daily continues its coverage on the school to open the eyes of those who refuse to see clearly and to expose the unbelievable story that it is.

**NIKKI BUDNAKOFF**  
Buderim

Released under the  
Freedom of Information Act



**Sunshine Coast Daily (Maroochydore) Thursday 4/12/2003**  
**General News Page 1**  
Circulation: 21,618  
Size: 253.79 sq.cms.

## Grammar principal on stress leave after parent's abuse

By **MARK FURLER**  
mfurler@scnews.com.au

ONE of Sunshine Coast Grammar School's two co-principals went on stress leave yesterday amid fears senior staff could be sacked over the Christmas holiday break.

Coral-Anne Reason's decision came after she and co-principal Stuart Marquardt were subjected to a tirade of abuse and questions over a communique signed by 97 staff urging the school to sever ties with its disgraced founder and owner John Burgess.

Parents, Mrs Reason and Mr Marquardt walked out of a volatile meeting on Tuesday

night after one foundation parent was allowed to launch a stinging attack on the co-principals, accusing them of bullying and harassment.

The parent, a supporter of Mr Burgess, has demanded to know who was behind the communique, who signed it, who printed it, who distributed it and whether it was done using school equipment. "It was almost like a Spanish inquisition," one disgusted parent said. The *Daily* understands the parent has written to the school board, demanding an investigation into the co-principals.

**Continued Page 2**

### COVER STORY

# Worried parents quiz Grammar over funding and new facilities

**From Page 1**

THE fallout came after the *Daily* revealed yesterday the 1000-strong school was more than \$8 million in debt, had 11 temporary buildings, no secondary library, a yearly interest bill of almost \$1 million; and no plans for new buildings until 2006-7.

The school receives more than \$4.5 million a year in students fees and \$4.5 million in state and federal funding.

Parents of secondary school students have been paying more than \$5600 per student a year, including \$400 for the building fund.

Company directors fees have

doubled in the past year and hefty loans and fees have been given to Mr Burgess and his wife Kim, the school's manager of administration.

At the meeting, parents questioned what would happen if they stopped paying fees, who was likely to buy the school and what new facilities could they expect.

Mrs Reason yesterday declined to comment on her decision to go on stress leave, but the *Daily* understands she had been advised it may protect her from any moves by the school board to sack her.

Supporters of Mrs Reason and Mr Marquardt said yesterday

they and other staff were the reason that parents had stuck with the school, despite the fallout from the Burgess revelations.

"The only thing that has kept this school together are the teachers," one parent told the *Daily*.

Mr Burgess was found to be unfit to be a teacher after his failure to properly disclose his sexual relationship with a 13-year-old pupil in 1977.

Despite leaving the school, staff allege he has continued to wield control through his wife and the board.

The Non-State Schools Accreditation Board is actively pursuing matters of concern raised about the Sunshine Coast Grammar School.

It is expected to make a decision on whether it should cancel the school's accreditation, before the end of the year.

In May this year, the Board commenced an investigation into the suitability of Sunshine Coast Grammar School Pty Ltd to continue to be the governing body of the school.

The Board also appointed assessors to report on whether the school was complying with the required criteria.

As a result, on 3 September this year the Board issued a Show Cause Notice to Sunshine Coast Grammar School as to why its accreditation should not be cancelled.

The Board is currently considering the school's response to that Notice before it makes a determination on its accreditation.

Under the *Education (Accreditation of Non-State Schools) Act 2001*, the Minister, the Board and its members, and public servants involved in administering the Act, are not allowed to disclose details relating to individual schools.

To do so might prejudice the outcome of a future appeal about a decision by the Board.

Matters such as school fees, facilities, wages and other local operational matters should be raised with the school's governing body. ✓

The governing body of Sunshine Coast Grammar School has been provided with a full copy of the report on the Non-State Schools Accreditation Board's assessors' investigation.

Every non-state school in Queensland that receives Federal and State Government funding does so on the basis that the school is "not operated for profit"; that is, any profits made from the school's operation must be used entirely to advance the school's stated philosophy and aims.

Allegations of inappropriate behaviour by any person associated with a school, as a staff member, parent or student, are of serious concern.

It is recommended these matters are raised immediately with the school's governing body and if the staff or parents involved consider it necessary, are referred directly to Police for investigation. 7

### Crikey it's a boy!

New baby Croc Hunter P3



## The real Mark Latham

ALP BULLY BOY OR FAMILY MAN P13, 19

GOOD LIVING STARTS AT 23



STILL BEHIND THE WHEEL: Sunshine Coast Grammar School owner John Burgess drives the sports car that the school is paying for.

Photo courtesy of Seven Local News

# Grammar faces \$8m debt as parents, govt put in millions

By MARK FURLER and GORDON CLARK

**S**UNSHINE Coast Grammar School is \$8 million in debt while its owner and founder John Burgess drives around in a sports car being paid for by the school.

It has also been revealed that directors are being paid \$20,000 a year, while the legal firm of board chairman Malcolm McCollm can expect to reap most of the school's \$100,000 legal expenses this year.

And despite charging the highest fees on the Coast, and parents contributing \$400 a

year to a building fund, there are no plans for new facilities until 2006-07, there is no secondary school library, there are 11 temporary buildings and maintenance and cleaning of the school is minimal.

In July, a district court upheld a decision that Mr Burgess was unfit to be a teacher following a sexual affair with a 13-year-old pupil in 1977.

However, staff have alleged he still wields enormous control through the school board and his wife Kim, who is the school's manag-

er of administration and a member of its finance committee.

Mrs Burgess is one of the few people authorised to sign for expenditure, but in the past six weeks there has been a spending freeze at the school.

Mrs Burgess is paid almost \$70,000 a year despite having no formal qualifications — about the same as a senior teacher with a masters degree.

In March, she was given a \$75,000 loan by the school.

Continued Page 2

### The concerns

PARENTS and teachers at the Sunshine Coast Grammar School have a litany of concerns about the school. They include:

✗ Despite charging the highest fees on the Sunshine Coast, the school has no secondary library, and there are 11 temporary buildings. In the secondary school, there are no general teacher's aides and only three for specific duties.

✗ It receives more than \$4.5 million a year in student fees, almost \$1.3 million in state funding and more than \$3.2 million in federal funds. Teachers' salaries are almost \$4.5 million.

✗ It has an \$8 million loan with a bank charging much higher than normal interest rates because it is considered high risk. The interest bill this year was almost \$1 million — almost 22% of the school's income.

✗ Parents of its 1000-plus student body have been asked to contribute \$400 a year to a non-compulsory building fund; the last building completed, the industrial technology building, was opened in 2000, while the next building is not expected until at least 2006-2007.

Continued Page 2



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## School sale talks go on as parents wait

ANXIOUS Sunshine Coast Grammar School parents heard last night that consultants commissioned to sell the school had shortlisted the contenders to eight.

Six of those are schools, while the other two are companies which own and operate schools.

An unspecified number of potential buyers are religious schools, a direction Friends and Relatives Of the Grammar School (FROGS) spokesman Ian Brown said parents did not want the school to take. "Our main concern is that the new owner is non-denominational... we want our culture and ethos to continue," he said.

Staff were also advised of developments relating to the sale by agents William Buck.

They were told due diligence would be completed by Friday week, the successful bidder selected by December 19 and the handover completed by January 19.

But Mr Brown said FROGS was disappointed in the make-up of the consultative committee chosen to be part of the selection process.

# Staff criticise owners, govt probes school

From Page 1

MR Burgess was also paid \$65,000 this year, for the first time, in bank guarantor fees.

The ongoing involvement of Mr and Mrs Burgess has so concerned staff at the school that 97 of them last month signed a communiqué to "parents, prospective purchasers and other interested parties", outlining issues.

The staff said they believed "the only source of divisiveness in our school is the continuing presence and involvement of the current owners".

Parents said despite the turmoil of recent times, staff had been providing an excellent education for students, even with their limited resources.

"The only good resource they have got is the teachers and they are burning out," one parent told the *Daily*.

Documents reveal that almost \$160,000 was paid out by the school in "unspecified consultancy fees".

Board member, accountant Stephen Beebe, last year was paid \$60,000 in consultancy fees for work at Sunshine Coast Grammar.

Despite the payments, Friends and Relatives of the Grammar School spokesman Ian Brown said the board had done well to repay some of the loan.

"Some boards do pay their directors, although it is rare," he said.

Mr Brown also said most people agreed there were three major issues, although their order of priority varied.

"I believe the continued cultural ethos and vision of the school is number one, ahead of financial viability, and, thirdly, the ability of the Burgesses to feed their family afterwards," he said.

The revelations about the huge sums being paid to the owners and directors come just days after the Federal Government announced it would provide the school with almost \$4 million in funding for 2004.

But the Queensland Education Department yesterday said it was yet to make a decision on whether the school's accreditation would be renewed.

"The Non-State Schools Accreditation Board is actively pursuing matters of concern raised about Sunshine Coast Grammar School," a spokesperson said.

"It is expected to make a decision on whether it should cancel the school's



ON A ROLL: John Burgess mows his property yesterday.

Photo: David Thomas

accreditation before the end of the year." In May this year the board began an investigation into the suitability of Sunshine Coast Grammar School Pty Ltd to continue to be the governing body of the school.

The board also appointed assessors to report on whether the school was complying with the required criteria.

As a result of that, on September 3 the board issued a show cause notice to Sunshine Coast Grammar School as to why its accreditation should not be cancelled.

"The board is currently considering the school's response to that notice before it makes a determination on its accreditation," the spokesperson said.

Every non-state school in Queensland that receives Federal and State Government funding does so on the basis that the

school is not operated for profit.

Any profits made from the school's operation must be used entirely to advance the school's stated philosophy and aims.

Board chairman Malcolm McCole said not respond to a series of questions raised by the *Daily* yesterday.

Mr McCole said in a press release after Mr Burgess lost his District Court appeal in July that Mr Burgess had had no operational involvement in the school since November, 2002.

However, senior staff have expressed concern that he continues to hold talks about the school's finances, was involved in enterprise bargaining negotiations, and had controlled talks about the sale of the school.



Newspaper Place and Dalton Drive, Maroochydore

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\*Australian Bureau of Circulation's report September, 2003

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## TODAY'S WEATHER

Showers, 28° Page 50

## Changes occur in life and this one will be good for you...

...two established Sunshine Coast law firms have become one.

Boyce Garrick Lawyers and O'Brien Solicitors will amalgamate on December 1st, 2003.



• Travis Schultz • Paul Kusy  
• Leisa Toomey • Cecil O'Dea  
• Michael Callow • Andrew McKenzie  
• Julian O'Brien (Consultant)

LEGAL AID ENQUIRIES WELCOME

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**Schultz Toomey O'Brien LAWYERS**

## GRAMMAR STAFF AND PARENTS KEY CONCERNS

✗ Staff allege Mr Burgess has wielded direct control through the school board, despite warnings the school risked fines of \$20,000 if it could be proven he was still actively involved.

✗ As a parent, he is still a frequent visitor to the school and has been seen to call children to come and talk to him, prompting complaints from parents.

✗ School officials have been told to implement the findings of the Non State School Accreditation Board but don't even know what those findings are. They were sent to the board.

✗ Parents have called for a proper building plan to provide more classrooms, a swimming pool, an auditorium/hall and senior resource centre.

✗ Staff say proper maintenance is not being carried out on some of the buildings, some of which are riddled with white ants.

✗ Even the cleaning program is minimal, prompting parents to complain earlier this year that some sections of the school were not being cleaned daily.

✗ Parents have called for financial transparency, raising particular concern about the level of fees and level of debt.

✗ For the past six to eight weeks, a spending freeze has been ordered because of the school's financial problems.

### THE SCHOOL'S OWNER JOHN BURGESS

On July 15 this year, the Dis-

trict Court upheld a decision of the Board of Teacher Registration that John William Burgess was unfit to be a teacher.

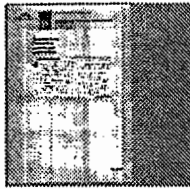
Judge Manus Boyce found that the board was entitled to have regard to the non-disclosure by Mr Burgess of his misconduct with a 13-year-old pupil.

"In my opinion, the conduct of Mr Burgess in 1977 with a 13-year-old pupil was disgraceful," he said.

"... And (it) showed unfitness to be a teacher at that time."

The judge went on to say Mr Burgess' sexual harassment of two teachers at Ormiston college was unacceptable.

He also found there was continued inappropriate behaviour — all involving the touching of females — teachers, pupils and parents.



**Sunshine Coast Daily (Maroochydore) Wednesday 3/12/2003**  
**General News Page 1**  
Circulation: 21,618  
Size: 336.07 sq.cms.

## Grammar faces \$8m debt as parents, govt put in millions

By **MARK FURLER** and **GORDON CLARK**

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**Sunshine Coast Daily (Maroochydore) Wednesday 3/12/2003**  
**General News Page 2**  
Circulation: 21,618  
Size: 65.82 sq.cms.

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An unspecified number of potential buyers are religious schools, a direction Friends and Relatives Of the Grammar School (FROGS) spokesman Ian Brown said parents did not want the school to take. "Our main concern is that the new owner is non-denominational . . . we want our culture and ethos to continue," he said.

Staff were also advised of developments relating to the sale by agents William Buck.

They were told due diligence would be completed by Friday week, the successful bidder selected by December 19 and the handover completed by January 19.

But Mr Brown said FROGS was disappointed in the make-up of the consultative committee chosen to be part of the selection process.

Released under the  
RTI Act 2009

From: [s47(3)(b)]  
Sent: Wednesday, 3 December 2003 12:48 AM  
To: [s47(3)(b)]  
Cc: MARQUARDT Stuart  
Subject: I'm Impressed!

Dear [s47(3)(b)]

Let me be the first to congratulate you on such a stunning performance. No doubt a lot of time, effort and planning went into that magnificent display of theatre. Very well orchestrated and extremely well executed. I particularly appreciated the professional hecklers throughout the audience.

I am however, quite disappointed that you chose not to address the issues and concerns that I still have so I guess I will take them to the next level of authority. I will be sending the Board of Directors a formal complaint regarding your bullying and intimidating behaviour, your refusal to have the courtesy of hearing my concerns and your disgraceful attitude towards me.

In addition to the above, the Board of Teacher Registration will be asked to conduct an investigation into your suitability to remain in the positions you currently hold, based on signed statements I have in my possession which clearly outline a serious trend of workplace bullying, harassment, intimidation, victimisation and discrimination.

Having said that, I truly thank you for the opportunity to witness first hand, what many parents, staff and students are saying and that is that you are obviously insecure, manipulative, bullying and arrogant.

[s47(3)(b)]

Released under the  
RTI Act by DET

The Board of Directors  
Sunshine Coast Grammar School  
Mons Road  
Forest Glen Qld 4556,

03 December 2003

I am a foundation parent of the Sunshine Coast Grammar School and I have some serious issues with the current executive of this school and the apparent lack of leadership and management skills displayed by them.

Around mid November a "communiqué" was circulated to all parents of the SCGS which I considered offensive, damaging and disturbing. I spoke to several other parents and staff who, incidentally, had the same opinion as me. I replied to this communiqué via email to randomly selected staff and to the executive. The only replies I received were from staff and parents congratulating me for having the courage to voice my opinions. That in itself should give you some indication as to the problems we are facing. I then sent via email, a note to the executive requesting the answers to some questions I had concerning the existence of the communiqué. I did, however, receive a reply from both Coral-Ann Reason and Stuart Marquardt, a reply that in my opinion was totally unsatisfactory and quite insulting.

As I was still dissatisfied and quite frustrated by the fact that the two co-principals had treated my concerns with complete contempt, I then decided to take my concerns to a Parent Club meeting which was held on Tuesday, 02 December 2003. To ensure that I would receive a reasonable amount of time to voice my concerns, I contacted the Parent Club co-coordinator and formally requested allocated time to speak at this meeting. My request was granted and the items I wished to discuss were added to the agenda. In due course, my time to address the meeting arrived. I introduced myself, I outlined why I was present at the meeting and proceeded to raise the issues of concern to me, and others. I directed my first question, through the chairman, to Stuart Marquardt. My question was "Did you have any knowledge of the communiqué?" His reply was lengthy and mainly focused on the appalling conditions the staff has had to endure during the past 12 months, and I am still not certain if he answered my question. I then asked him to clarify his response with either a yes or a no. At this point, a rather vocal group of staff and some parents started jeering and heckling, a tactic no doubt, very well rehearsed and executed. This type of behaviour continued on throughout the remainder of the meeting. I then asked Coral-Ann Reason the same question, as above, and she replied that she had absolutely no knowledge of the communiqué what so ever. I then produced a signed statement given to me by another parent who had previously contacted the executive for an explanation, clearly stating that Coral-Ann Reason had given him the name of a union representative, who in her words, assisted in the writing of the communiqué. I then asked the question, "If you had no knowledge of the communiqué, how do you explain this signed statement suggesting otherwise?" It was at this point in the proceedings that both executive members decided to answer any further questions of mine with, no comment. I tried to ask her whether she was calling this parent a liar or was she lying herself but my question was drowned out. I am still curious as to her explanation.

I could continue on but in summary, the meeting then turned into a total farce with many of the audience becoming so vocal and hostile that the chairman lost control of the meeting and many people decided to leave. This was, in my opinion, a smoke screen to allow Mrs. Reason and Mr. Marquardt the opportunity to avoid any further embarrassment or to answer any further damning accusations.

Again, in my opinion, this was all very carefully planned and executed as this type of behaviour has been suggested to me several times before by a number of parents and staff who have decided not to attend further Parent Club meetings because of fear of being bullied and intimidated. Or worse, their children might be next to be targeted. That basically, was the end of the meeting and I had hardly touched on my concerns, as I was shut down by a very manipulative core of dangerous personnel. I am supposing that the people involved in this ambush, and I do believe it to be an ambush, are feeling quite satisfied with themselves for attempting to humiliate me in a very abusive manner. They did not succeed in humiliating me. They did however, succeed in making themselves appear foolish, cowardly and very unprofessional. They would rather embarrass themselves than show the strength and courage to address these issues. I put this question to you. If they had nothing to hide or were completely innocent, why then was there such a concerted effort to direct the attention away from them by attempting to intimidate me and to question my intentions? In fact, it was bordering on "Mob Rule" a term being used more and more frequently.

Let me make my point clear. It was not the fact that an unsigned letter was circulated. It was the malicious tone and offensive content that prompted me to act. That and the fact that it would appear to be condoned by the executive. My intentions were to have some questions answered regarding accountability and responsibility for allowing this type of undisciplined behaviour to exist within the school. The questions I want answered are as follows and are directed at Coral-Ann Reason and Stuart Marquardt, being co-principals and leaders of the SCGS.

1. Did you have knowledge of the existence of the communiqué before it was circulated?
2. Do you know who drafted the communiqué?
3. Who are the 97 staff members who signed it?
4. Who approved the communiqué to be distributed?
5. Who was responsible for obtaining the 97 signatures?
6. Who was responsible for printing the communiqué?
7. Who was responsible for distributing the communiqué?
8. Was the printing of the communiqué performed at school using the owner's equipment and resources?
9. Is it fair to suggest that, whoever was responsible for any of these actions, could have put their time to better use?
10. Is it not school policy that the executive approves all material with reference to students, staff or the school before it leaves the premises?
11. Do you believe that the communiqué reflects the core values of the school, which include "Respect, Care, Trust, Empathy & Integrity"?
12. As managers and principals of the school, is it not your responsibility to prevent this type of behaviour and to discourage actions of a disruptive nature?

In my opinion, if the executive condone this type of negative and inefficient use of company time, or they have no control over their staff to prevent this type of occurrence, then I would suggest that their ability to display effective and strong leadership and their failure to promote the schools ethos, philosophies and values must surely be questioned.

It is obvious that someone was responsible for obtaining the signatures and for distributing the communiqué. It was mentioned to me that the person responsible for obtaining the signatures did so by entering class rooms while lessons were being conducted and pressuring staff members to sign it. Clearly, a blatant breach of school policy has occurred and the executive has done nothing to identify those responsible.

Alternatively, if the executive do not condone this type of behaviour, why has there not been an apology or statement issued condemning this type of practice nor any type of enquiry into who the perpetrators are. Either way, they have again failed to demonstrate effective leadership qualities nor do they have the necessary commitment to promote the excellent reputation the school still has.

I also wish to raise the very serious issue of workplace bullying and harassment.

I have in my possession, a number of signed statements naming Coral-Ann Reason, Stuart Marquardt or both as respondents in workplace bullying and harassment claims. I know of at least one staff member being diagnosed as having Post Traumatic Stress Disorder due the alleged bullying, harassment and intimidation this person has endured for a period of some 12 months. This person offered to provide the executive with a large number of witnesses and evidence to support their claim only to be totally dismissed by Stuart Marquardt. I believe this person has now sought legal advice. Without intentionally breaking any confidentiality, I am aware of one staff member having the remainder of their contract paid out to avoid any further action being taken against the executive. The following is also true and correct:

Coral-Ann Reason issued instructions to a certain staff member to collect as much "dirt" on a particular student because Coral-Ann Reason wanted this student out of the school. This student was also told by another teacher to "keep your nose clean because Mrs. Reason wants as much "dirt" on you because she wants you out of the school". Very soon after this instruction was given, this student was threatened with suspension. The fact that two separate teachers spoke the nearly identical words on two separate occasions allays any doubt I may have had that this was only a rumour. Why this student has been victimised is yet to be clarified.

Since becoming aware of these and other most serious allegations, and having spoken to other parents and staff with similar concerns, it would appear that bullying, harassment, intimidation, victimization and discrimination are common practices endorsed by the current executive of the SCGS.

It is due to the very nature and seriousness of these allegations, that I formally ask the Board of Directors to observe its obligation and responsibility to immediately commence an investigation into these and any other aspects, as outlined previously, of inappropriate behaviour displayed by the current school executive.

In addition and again, due to the very seriousness of these and other allegations, I formally request that Coral-Ann Reason and Stuart Marquardt be suspended or stood down pending the outcome of these investigations.

Could you please acknowledge receipt of this letter at your earliest and I would respectfully ask that you advise me of what action will be taken.

Yours faithfully

s47(3)(b)

3 December 2003

Mr Stuart Marquardt and  
Ms Coral-Anne Reason  
Sunshine Coast Grammar School  
372 Mons Road  
FOREST GLEN 4556

By Email

Dear Stuart and Coral-Anne

In the last few days several matters have come to my attention that cause great concern to the directors.

1. Letter of [s47(3)(b)] dated 28 November 2003 ?

I am enclosing a copy of this letter which is self-explanatory.

The letter raises allegations of unacceptable conduct by several staff members relative to children at the school.

As Co-Principals, please let me have your joint written report relating to these allegations as a matter of extreme urgency.

2. Letter of [s47(3)(b)] dated 3 December 2003 ✓

The letter from [s47(3)(b)] raises significant concerns that must be addressed.

In respect of this letter, I also request a formal joint report from you as Co-Principals as a matter of urgency. No way!!

3. [s47(3)(b)]

I have been telephoned this week by [s47(3)(b)]

[s47(3)(b)] of the Maroochy Shire Council.

[s47(3)(b)] introduced [s47(3)(b)] to the Sunshine Coast Grammar School as a respectable agent to source students from China for SCGS.

I understand that he has introduced at least one student to the school already [s47(3)(b)] but has been reticent to supply additional students who are available.

He advises that his communications with [s47(3)(b)] have been unsatisfactory. He has been unable to arrange for signature by the school of an appropriate student introduction agreement, and has found that [s47(3)(b)] fails to return calls and communications from him.

s47(3)(b) the Maroochy Shire Council and s47(3)(b) are concerned that such unprofessional actions reflect badly not only on SCGS but also on the Sunshine Coast generally and act so as to hinder the promotion of this region in China.

Would you please address these issues with s47(3)(b) and arrange for him to immediately contact s47(3)(b) and to resolve all outstanding issues including documentation and payment of commission so that the interests of the school will be preserved. If s47(3)(b) does not already have it, s47(3)(b) contact email address is s47(3)(b)

Please arrange for your written report to be provided to me in respect of all of these matters before the end of the school year.

Additionally, I expect such reports to be formal and objective and that treat the issues raised as genuine matters of concern.

Also, it may be that a formal investigation is required in respect of the issues raised in the accompanying correspondence. If that is the case, such investigation shall not wait until the resumption of the 2004 school year, but shall be conducted during the holidays.

Therefore, would you please obtain and forward to me contact addresses and telephone numbers during December and January for each of the following:-

s47(3)(b)

Yours sincerely

Malcolm McColm  
Chairman



3 December 2003

Mr Malcolm McColm  
Director  
Sunshine Coast Grammar School Pty Ltd  
372 Mons Road  
FOREST GLEN QLD 4556

Dear Mr McColm

I am writing to you as the nominated contact for Sunshine Coast Grammar School Pty Ltd, the governing body of Sunshine Coast Grammar School under the *Education (Accreditation of Non-State Schools) Act 2001*, to remind you that all positive notices (blue cards) issued by the Commissioner for Children and Young People to directors of non-State schools' governing bodies remain current for a period of two years after they are issued.

The Non-State Schools Accreditation Board recently noted that positive notices for some directors are due to expire in the near future.

In order to comply with the Act, each director of a school's governing body must have a current positive notice. Under the Act, if a director of a school's governing body does not have a current positive notice, the Accreditation Board has no alternative but to decide that the governing body is not suitable to continue to be the school's governing body.

This is, therefore, a reminder to directors to monitor the expiry date of their positive notice and to make sure that an application to the Commissioner for Children and Young People is lodged in sufficient time for issuing a new positive notice before the expiry of the present notice.

Thank you in advance for your attention to this matter, which the Accreditation Board trusts will prevent difficulties arising from the unanticipated expiry of positive notices.

Information to assist with applying for new positive notices can be obtained directly from the **Commission for Children and Young People** on 1800 113 611 (free call), its website at [www.childcomm.qld.gov.au/](http://www.childcomm.qld.gov.au/) or by e-mail at [wmaster@childcomm.qld.gov.au](mailto:wmaster@childcomm.qld.gov.au).

If you have inquiries about other matters concerning accreditation or funding eligibility of non-State schools, you are invited to contact the Accreditation Board by telephoning (07) 3237 9947.

Yours sincerely

**LAURIE VOGLER**  
Director



2 December 2003

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

Dear Mr McColm

**Re: Show Cause Notice issued 2 September 2003 under the *Education (Accreditation of Non-State Schools) Act 2001*, s.64**

I refer to the Submission dated 6 November 2003 from Sunshine Coast Grammar School Pty Ltd in response to the **Show Cause Notice** issued by the Non-State Schools Accreditation Board on 2 September 2003 under the *Education (Accreditation of Non-State Schools) Act 2001*, section 64.

The Accreditation Board has given preliminary consideration to the Submission and resolved to write to you about a number of matters arising at this time, including the proposed change of ownership of the school and the ground in the Show Cause Notice relating to Land and Buildings.

As the Board gives further consideration to the Submission and as other developments occur with the proposed change of ownership in the school, the Board may write to you again about further issues.

#### **PROPOSED CHANGE IN OWNERSHIP**

The Board notes that a key element of the Submission is that matters raised in the Show Cause Notice are either dealt with, or will be dealt with, through a change in ownership of the school, and that change will bring to an end the period of "caretaker governance" by the current directors of the school's governing body. The Board has noted that you expect a change of ownership to occur by the end of 2003.

The Board requests that you keep it informed of developments with the ownership change.

#### **RESPONSE TO SHOW CAUSE - LAND AND BUILDINGS**

The Board requests your response to additional information that has come to its attention in relation to one of the issues raised in the Show Cause Notice, - ie. the school resources criterion - *section 12* Land and Buildings.

The Show Cause Notice questioned that, given that the second external access to the site for use in the case of emergencies was not complete, the Board considered that the school was not complying with the relevant land use legislation.

Your Submission stated that the Council has already approved the exit for the required emergency purpose and that the access has been continuously in place since 1999. You also stated that the school has always been, and continues to be, fully compliant with the relevant regulations of the Maroochy Shire Council.

As a result of the apparent conflict between the assessors' report and your response, inquiries were made of Maroochy Shire Council in relation to the emergency access. Council advised as follows:-

**"Consent Permit C957168 (educational establishment)**

The development to which the consent approval relates has not been completed. Various buildings and works shown in the amended development plan No. 97-9-11, issue C dated 8 October 1997 by John Marson & Associates Architects, submitted to Council in accordance with condition 3 have not been constructed including:

- Dining building
- Performing arts auditorium
- Technology centre and school shop
- Sports complex
- Boarding residences
- Roadwork and car parks in the vicinity of the southern sports oval.

Conditions have been complied with for the existing development completed **except for the following:-**

- In relation to condition 8 regarding endorsement of engineering plans at building approval stage, Council placed condition 28 on building permit 96/1888 (stage 1) requiring the provision of an alternative flood free emergency access to the school. It was proposed by the school at the time to create an easement through an adjoining property to the east of the school to allow emergency access in the event of flood. That easement has not been created or constructed. At a later stage development approvals were obtained for extension to the school (detailed below) on adjoining premises to the north and construction of an emergency access, however those permits have not been acted on. Therefore emergency flood free access remains outstanding.
- In relation to condition 9 and 10 Council approved landscaping plans in association with building application 96/1888 (stage 1). The plans approved, detailed landscape treatment necessary to satisfy conditions 5 & 6 in relation to buffering the agricultural nursery to the south and east of the school. Those plantings were carried out, however due to lack of maintenance many have not survived in the cleared area in the south east corner of the site. Following past enforcement action regarding planting of the buffer, agreements with the school were put in place to ensure adequate maintenance of the buffer plantings to ensure its effectiveness in accordance with State Planning guidelines. However, that maintenance has not been done as inspection reveals many plants have died and the subject area in the southeast corner is largely overgrown with grasses and many trees planted have not survived.
- In relation to condition 11 there is no internal fence at the edge of the vegetated buffer on the southern side or signposting to ensure children do not enter the buffer at that locality.

- The car park located near the preschool centre has been extended towards the lake. The car park extension is not sealed, is not in accordance with the endorsed plans and no record can be found of any engineering approvals for such extension. It is very close or possibly over a sewerage easement in favour of Council.
- There are a number of demountable school buildings near the northern tennis courts, which are not shown on the endorsed plans.

.....

**Consent Permit C977068 (extension to educational establishment – sports fields, grandstand, shelter sheds, car park and emergency access) and Ext 02/0007 (extension to currency period)**

No works, buildings or use approved by this permit has commenced or been constructed. Extension of the currency period to 27 March 2004 was approved by Council (letter dated 8 November 2002 – Ext 02/0007).

**Note** – the lots adjoining the school the subject of this approval are not in the ownership of the school. The Acting Principal of the School Mrs Burgess has told me verbally that the School leases this land and has an option to purchase it. There is an existing dirt road (not in the same alignment as the approved emergency access road (OPW 01/0441) which leads to the entrance off Gardenia Court. This dirt road falls below the flood level in parts in the vicinity of the ovals. The School has erected a temporary gate and fencing to stop people accessing the school from Gardenia Court, which is not the approved access and exit point.

.....

**OPW 01/0441 Operational Works Engineering & Landscaping (emergency access road – stage 1)**

No works or use approved by this permit has commenced or been constructed.

In relation to the identified non-compliance, Council proposes to issue an advisory letter to the School and seek rectification of the non-compliance.

.....

Council issued an enforcement notice to the School in 2001 following concerns raised regarding alleged use of the access from Gardenia Court. The School lodged an appeal against the enforcement notice and to date neither party has called to have the appeal dealt with."

Accordingly, Council's advice is that the Enforcement Notice is current and also that the school is not complying with its requirements with respect to the original permit (C957168), including its requirements in relation to the emergency access and the other matters mentioned above.

The Board requests your response to Council's advice on the emergency access and other matters raised to enable it to give full consideration to the matters cited by Council. The Board would appreciate receiving your response on or before 17 December 2003.

Members of the Accreditation Board thank you for the Submission.

Yours sincerely



**Emeritus Professor Roy Webb AO**  
Chairperson



Queensland  
Government  
Education Queensland

# Fax Message

Office of Non-State Education

**COPY**

|                                   |                               |                                       |                                  |
|-----------------------------------|-------------------------------|---------------------------------------|----------------------------------|
| <b>TO</b>                         |                               | <b>Company/Section:</b>               | <b>Fax No.:</b>                  |
| Mr Malcolm McColm                 |                               | Sunshine Coast Grammar School Pty Ltd | (07 ) 5443 7053                  |
| <b>FROM</b>                       |                               |                                       |                                  |
| <b>Name:</b>                      | Laurie Vogler                 | <b>Date:</b>                          | 2 December 2003                  |
| <b>Job Title:</b>                 | Director                      | <b>Phone No.:</b>                     | (07) 3237 9947                   |
| <b>Branch/Unit:</b>               | Office of Non-State Education | <b>Fax No.:</b>                       | (07) 3237 0004                   |
| <b>SUBJECT: SHOW CAUSE NOTICE</b> |                               |                                       | <b>Pages (including this): 4</b> |

**FAXED**  
2/12/03

posted 3/12/03

*L. Vogler*

Released under the  
RTI Act by DEE



ABN 60 983 072 606

### **Maroochy Cares, Maroochy Dares...**

*"Because we care about the lifestyle of the residents of Maroochy Shire, we must dare to do things differently - by protecting our environment, seeking out opportunity, promoting our diversity, developing our economic future and enhancing our sense of community."*

Your Reference:

Our Reference:

Enquiries:

Direct Telephone:

Direct Fax No.:

Email:

PCJ: PN 87199

Regulatory Services Branch

1300 366 695

(07) 54 418424

jephcott@maroochy.qld.gov.au

26 November 2003

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

Attention: Laurie Vogler

Dear Laurie

**SUNSHINE COAST GRAMMAR SCHOOL  
PROPERTY AT 372 MONS ROAD, FOREST GLEN  
LOT 6 RP 892486, PROPERTY NO 87199**

I refer to your letter dated 25 November 2003 concerning the Sunshine Coast Grammar School.

Council has recently carried out a detailed development compliance audit following receipt of a full search application from a prospective purchaser the details of which are detailed below for your information.

#### **Consent Permit C957168 (educational establishment)**

The development, to which the consent approval relates, has not been completed. Various buildings and works shown on the amended development plan No 97-9-11, Issue C dated 8 October 97 by John Marson & Associates Architects, submitted to Council in accordance with condition 3 have not been constructed including:

- Dining building
- Performing arts auditorium
- Technology centre and school shop
- Sports complex
- Boarding residences
- Roadwork and car parks in the vicinity of the southern sports oval.

Conditions have been complied with for the existing development completed **except for the following:**

- In relation to condition 8 regarding endorsement of engineering plans at building approval stage, Council placed condition 28 on building permit 96/1888 (stage 1) requiring the provision of an alternative flood free emergency access to the school. It was proposed by the school at the time to create an easement through an adjoining property to the east of the school to allow emergency access in the event of flood. That easement has not been created or constructed. At a later stage development approvals were obtained for extension to the school (detailed below) on adjoining premises to the north and construction of an emergency access, however those permits have not been acted on. Therefore emergency flood free access has remains outstanding.
- In relation to condition 9 & 10 Council approved landscaping plans in association with building application 96/1888 (stage 1). The plans approved, detailed landscape treatment necessary to satisfy conditions 5 & 6 in relation to buffering the agricultural nursery to the south and east of the school. Those plantings were carried out, however due to lack of

Please quote our file reference number on your reply for fast tracking within Council

**Address:** Maroochy Shire Council  
Cnr Currie & Bury Streets Nambour Qld Australia  
Telephone: (07) 5475 8501  
Facsimile: (07) 5441 8338  
Email: [maroochy@maroochy.qld.gov.au](mailto:maroochy@maroochy.qld.gov.au)

**Postal:** The Chief Executive Officer  
Maroochy Shire Council  
PO Box 76  
Nambour Qld Australia 4560  
Website: [www.maroochy.qld.gov.au](http://www.maroochy.qld.gov.au)

maintenance many have not survived in the cleared area in the south east corner of the site. Following past enforcement action regarding planting of the buffer, agreements with the school were put in place to ensure adequate maintenance of the buffer plantings to ensure its effectiveness in accordance with State Planning guidelines. However that maintenance has not been done as inspection reveals many plants have died and the subject area in the southeast corner is largely overgrown with grasses and many trees planted have not survived.

- In relation to condition 11 there is no internal fence at the edge of the vegetated buffer on the southern side or signposting to ensure children do not enter the buffer at that locality.
- The car park located near the preschool centre has been extended towards the lake. The car park extension is not sealed, is not in accordance with the endorsed plans and no record can be found of any engineering approvals for such extension. It is very close or possibly over a sewerage easement in favour of Council.
- There are a number of demountable school buildings near the northern tennis courts, which are not shown on the endorsed plans.

#### **DO55518 Operational Works Landscaping**

Conditions complied with.

#### **DO 56226 Operational Works Engineering (roadworks and stormwater drainage)**

Conditions complied with

**Consent Permit C977068 (extension to educational establishment – sports fields, grandstand, shelter sheds, car park and emergency access) and Ext 02/0007 (extension to currency period).**

No works, buildings or use approved by this permit has commenced or been constructed. Extension of the currency period to 27 March 2004 was approved by Council (letter dated 8 November 2002 – Ext 02/0007).

**Note** The lots adjoining the school the subject of this approval are not in the ownership of the school. The Acting Principal of the School Mrs Burgess has told me verbally that the School leases this land and has an option to purchase it. There is an existing dirt road (not in the same alignment as the approved emergency access road (OPW 01/0441)) which leads to the entrance off Gardenia Court. This dirt road falls below the flood level in parts in the vicinity of the ovals. The School has erected a temporary gate and fencing to stop people accessing the school from Gardenia Court, which is not the approved access and exit point.

#### **OPW 99/8159 Operational Works Landscaping**

Conditions complied with

#### **OPW 01/0441 Operational Works Engineering & Landscaping (emergency access road – stage 1)**

No works or use approved by this permit has commenced or been constructed.

In relation to the identified non-compliance, Council proposes to issue an advisory letter to the School and seek rectification of the non-compliance. Council will consider its enforcement options after careful consideration of any response from the School. If Council issues an enforcement notice to regulate the non-compliance the School has appeal rights, so the outcome of action cannot be determined at this stage.

Council issued an enforcement notice to the School in 2001 following concerns raised regarding alleged use of the access from Gardenia Court. The School lodged an appeal against the enforcement notice and to date neither party has called to have the appeal dealt with.

Should you require further information, please do not hesitate to contact me on my direct telephone number (07) 5441 8329 during normal office hours.

Yours sincerely



PETER JEPHCOTT  
DEVELOPMENT AUDIT OFFICER  
DEVELOPMENT COMPLIANCE UNIT

Released under the  
RTI Act by DET

# FILE NOTE

Document2

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**FILE REF:**

**DISCUSSIONS WITH:** PETER JEPHCOTT, DEVELOPMENT AUDIT OFFICER,  
MAROOCHY SHIRE COUNCIL

**PHONE:****FAX:**

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**SUBJECT: SUNSHINE COAST GRAMMAR SCHOOL**

---

Telephoned Peter regarding Council's letter of 26 November 2003.

Peter clarified his advice as follows:-

**Consent Permit No. C957168 (educational establishment)**

This permit was the original permit issued for construction of the school. At the time, Council asked the school to create an easement for emergency access i.e. at the main entry for the school given that it was flood prone. This condition was placed on the engineering plans which were required to be lodged with the building approvals.

Council allowed construction to commence and didn't pursue the creation of the easement for the emergency access at the time.

The school then lodged an application to extend under -

**Consent Permit No. C977068 (extension to educational establishment)**

For whatever reason, Council granted this permit which allowed the location of the emergency access to be changed to an area off Gardenia Court (on two adjoining parcels of land). The school has never constructed the emergency access (which includes the road and gate).

The **Operational Works Permit** relates only to the emergency access road. Given the permit has been obtained to carry out the works, Council may seek to enforce it. This issue has been enlivened as a result of the audit conducted under the search request, and as construction has not commenced, it will issue the **advisory letter regarding non-compliance**. Further engineering approvals will be required.

Council then received complaints from residents regarding parents accessing the school on a dirt road off Gardenia Court. It issued the **Enforcement Notice** (after approval had been given for permit no. C977068) requiring the gate to be constructed. The school has not complied given that it has only constructed a temporary gate, not in compliance with the original permit. An appeal has been lodged, but not heard.

## Summary

The original permit (C957168) stands alone i.e. separate from permit C977068. This permit relates to the original construction of the school, including the emergency access road and gate.

The subsequent permit C977068 relates to the extensions, including the changed location of the emergency access road. The extension of time in which to comply relates to this permit only.

Therefore, given that the emergency access was dealt with initially in the original permit (C977068) and the subsequent Operational Works Permit, and the school has not complied with the permits, Council can pursue all the matters dealt with in the original permit, including the emergency access.

The Enforcement Notice relates to the construction of the gate only. This matter is awaiting enlivening of the appeal by one of the relevant parties.



Deborah Tanzer  
A/Senior Investigator  
Office of Non-State Education

3235 4661

28 November 2003

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RTI Act by DET

# FILE NOTE

Document2

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## FILE REF:

**DISCUSSIONS WITH:** PETER JEPHCOTT, DEVELOPMENT AUDIT OFFICER,  
MAROOCHY SHIRE COUNCIL

**PHONE:**

**FAX:**

---

**SUBJECT: SUNSHINE COAST GRAMMAR SCHOOL**

---

Telephoned Peter regarding Council's letter of 26 November 2003.

Peter clarified his advice as follows:-

**Consent Permit No. C957168 (educational establishment)**

This permit was the original permit issued for construction of the school. At the time, Council asked the school to create an easement for emergency access i.e. at the main entry for the school given that it was flood prone. This condition was placed on the engineering plans which were required to be lodged with the building approvals.

Council allowed construction to commence and didn't pursue the creation of the easement for the emergency access at the time.

The school then lodged an application to extend under -

**Consent Permit No. C977068 (extension to educational establishment)**

For whatever reason, Council granted this permit which allowed the location of the emergency access to be changed to an area off Gardania Court (on two adjoining parcels of land). The school has never constructed the emergency access (which includes the road and gate).

The **Operational Works Permit** relates only to the emergency access road. Given the permit has been obtained to carry out the works, Council may seek to enforce it. This issue has been enlivened as a result of the audit conducted under the search request, and as construction has not commenced, it will issue the **advisory letter regarding non-compliance**. Further engineering approvals will be required.

Council then received complaints from residents regarding parents accessing the school on a dirt road off Gardania Court. It issued the **Enforcement Notice** (after approval had been given for permit no. C977068) requiring the gate to be constructed. The school has not complied given that it has only constructed a temporary gate, not in compliance with the original permit. An appeal has been lodged, but not heard.

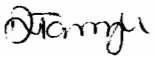
## Summary

The original permit (C957168) stands alone i.e. separate from permit C977068. This permit relates to the original construction of the school, including the emergency access road and gate.

The subsequent permit C977068 relates to the extensions, including the changed location of the emergency access road. The extension of time in which to comply relates to this permit only.

Therefore, given that the emergency access was dealt with initially in the original permit (C977068) and the subsequent Operational Works Permit, and the school has not complied with the permits, Council can pursue all the matters dealt with in the original permit, including the emergency access.

The Enforcement Notice relates to the construction of the gate only. This matter is awaiting enlivening of the appeal by one of the relevant parties.



Deborah Tanzer  
A/Senior Investigator  
Office of Non-State Education

3235 4661

28 November 2003

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RTI Act by DET

# FILE NOTE

Document2

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**FILE REF:**

**DISCUSSIONS WITH:** SHERYL KROME, DEVELOPMENT COMPLIANCE UNIT,  
MAROOCHY SHIRE COUNCIL

**PHONE:** 5441 8266

**FAX:**

---

**SUBJECT: SUNSHINE COAST GRAMMAR SCHOOL**

---

Telephoned Sheryl regarding our request for advice. She advised that the letter had already been posted. She will arrange for a copy to be faxed to me today.

*DTanzer*

Deborah Tanzer  
A/Senior Investigator  
Office of Non-State Education

3235 4661

27 November 2003

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RTI Act by DET



ABN 60 983 072 606

**Maroochy Cares, Maroochy Dares...**

*"Because we care about the lifestyle of the residents of Maroochy Shire, we must dare to do things differently - by protecting our environment, seeking out opportunity, promoting our diversity, developing our economic future and enhancing our sense of community."*

**Your Reference:****Our Reference:****Enquiries:****Direct Telephone:****Direct Fax No.:****Email:**

PCJ: PN 87199

Regulatory Services Branch

1300 366 695

(07) 54 418424

jephcotp@maroochy.qld.gov.au

26 November 2003

**Non State Schools Accreditation Board****PO Box 347****Brisbane****Albert Street BC QLD 4002****Attention: Laurie Mogler****Dear Laurie**

**SUNSHINE COAST GRAMMAR SCHOOL  
PROPERTY AT 312 MONS ROAD, FOREST GLEN  
LOT 6 RP 892486, PROPERTY NO 87199**

I refer to your letter dated 25 November 2003 concerning the Sunshine Coast Grammar School.

Council has recently carried out a detailed development compliance audit following receipt of a full search application from a prospective purchaser the details of which are detailed below for your information.

**Consent Permit 957168 (educational establishment)**

The development, to which the consent approval relates, has not been completed. Various buildings and works shown on the amended development plan No 97-9-11, Issue C dated 8 October 97 by John Marson & Associates Architects, submitted to Council in accordance with condition 3 have not been constructed including:

- Dining building
- Performing arts auditorium
- Technology centre and school shop
- Sports complex
- Boarding residences
- Roadwork and car parks in the vicinity of the southern sports oval.

Conditions have been complied with for the existing development completed **except for the following:**

- In relation to condition 8 regarding endorsement of engineering plans at building approval stage, Council placed condition 28 on building permit 96/1888 (stage 1) requiring the provision of an alternative flood free emergency access to the school. It was proposed by the school at the time to create an easement through an adjoining property to the east of the school to allow emergency access in the event of flood. That easement has not been created or constructed. At a later stage development approvals were obtained for extension to the school (detailed below) on adjoining premises to the north and construction of an emergency access, however those permits have not been acted on. Therefore emergency flood free access has remains outstanding.
- In relation to condition 9 & 10 Council approved landscaping plans in association with building application 96/1888 (stage 1). The plans approved, detailed landscape treatment necessary to satisfy conditions 5 & 6 in relation to buffering the agricultural nursery to the south and east of the school. Those plantings were carried out, however due to lack of

Please quote our file reference number on your reply for fast tracking within Council

**Address:** Maroochy Shire Council  
Cnr Currie & Bury Streets Nambour Qld Australia  
**Telephone:** (07) 5475 3501  
**Facsimile:** (07) 5441 8138  
**Email:** maroochy@maroochy.qld.gov.au

**Postal:** The Chief Executive Officer  
Maroochy Shire Council  
PO Box 76  
Nambour Qld Australia 4560  
**Website:** www.maroochy.qld.gov.au

maintenance many have not survived in the cleared area in the south east corner of the site. Following past enforcement action regarding planting of the buffer, agreements with the school were put in place to ensure adequate maintenance of the buffer plantings to ensure its effectiveness in accordance with State Planning guidelines. However that maintenance has not been done as inspection reveals many plants have died and the subject area in the southeast corner is largely overgrown with grasses and many trees planted have not survived.

- In relation to condition 11 there is no internal fence at the edge of the vegetated buffer on the southern side or signposting to ensure children do not enter the buffer at that locality.
- The car park located near the preschool centre has been extended towards the lake. The car park extension is not sealed, is not in accordance with the endorsed plans and no record can be found of any engineering approvals for such extension. It is very close or possibly over a sewerage easement in favour of Council.
- There are a number of demountable school buildings near the northern tennis courts, which are not shown on the endorsed plans.

#### **DO55518 Operational Works Landscaping**

Conditions complied with.

#### **DO 56226 Operational Works Engineering (roadworks and stormwater drainage)**

Conditions complied with

**Consent Permit C977068 (extension to educational establishment - sports fields, grandstand, shelter sheds, car park and emergency access) and Ext 02/0007 (extension to currency period).**

No works, buildings or use approved by this permit has commenced or been constructed. Extension of the currency period to 27 March 2004 was approved by Council (letter dated 8 November 2002 - Ext 02/0007).

**Note** The lots adjoining the school the subject of this approval are not in the ownership of the school. The Acting Principal of the School Mrs Burgess has told me verbally that the School leases this land and has an option to purchase it. There is an existing dirt road (not in the same alignment as the approved emergency access road (OPW 01/0441) which leads to the entrance off Gardenia Court. This dirt road falls below the flood level in parts in the vicinity of the ovals. The School has erected a temporary gate and fencing to stop people accessing the school from Gardenia Court, which is not the approved access and exit point.

#### **OPW 99/8159 Operational Works Landscaping**

Conditions complied with

#### **OPW 01/0441 Operational Works Engineering & Landscaping (emergency access road - stage 1)**

No works or use approved by this permit has commenced or been constructed.

In relation to the identified non-compliance, Council proposes to issue an advisory letter to the School and seek rectification of the non-compliance. Council will consider its enforcement options after careful consideration of any response from the School. If Council issues an enforcement notice to regulate the non-compliance the School has appeal rights, so the outcome of action cannot be determined at this stage.

Council issued an enforcement notice to the School in 2001 following concerns raised regarding alleged use of the access from Gardenia Court. The School lodged an appeal against the enforcement notice and to date neither party has called to have the appeal dealt with.

Should you require further information, please do not hesitate to contact me on my direct telephone number (07) 5441 8329 during normal office hours.

Yours sincerely

PETER JEPHCOTT  
DEVELOPMENT/AUDIT OFFICER  
DEVELOPMENT COMPLIANCE UNIT

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ABN 60 983 072 606

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PCJ: PN 87199

Regulatory Services Branch

1300 366 695

(07) 54 418424

jephcott@maroochy.qld.gov.au

26 November 2003

Non State Schools Accreditation Board

PO Box 347

Brisbane

Albert Street BC QLD 4002

Attention: Laurie Mogler

Dear Laurie

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PROPERTY AT 312 MONS ROAD, FOREST GLEN  
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The development, to which the consent approval relates, has not been completed. Various buildings and works shown on the amended development plan No 97-8-11, issue C dated 8 October 97 by John Marson & Associates Architects, submitted to Council in accordance with condition 3 have not been constructed including:

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PO Box 76

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Should you require further information, please do not hesitate to contact me on my direct telephone number (07) 5441 8329 during normal office hours.

Yours sincerely

PETER JEPHCOTT  
DEVELOPMENT/AUDIT OFFICER  
DEVELOPMENT COMPLIANCE UNIT

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|           |                        |            |          |
|-----------|------------------------|------------|----------|
| Date      | 25/11/03               | # of pages | 2        |
| To        | Sheryl Krome           |            |          |
| From      | Deborah Tanzer         |            |          |
| Co./Dept. | Maroochy Shire Council |            |          |
| Co.       | Education Qld.         |            |          |
| Phone #   | 54418266               | Phone #    | 32354661 |
| Fax #     | 54418424               | Fax #      | 32370004 |

**Non-State Schools  
Accreditation Board**

Queensland Government

25 November 2003

Ms Sheryl Krome  
Development Compliance Unit  
Maroochy Shire Council

**Facsimile - (07) 54 418 424**

Dear Ms Krome

**RE: SUNSHINE COAST GRAMMAR SCHOOL**

I refer to your telephone discussion with Ms Tanzer of our office earlier today.

The Office of Non-State Education is a small unit in the Department of Education which provides assistance to the Non-State Schools Accreditation Board (a statutory body under the *Education (Accreditation of Non-State Schools) Act 2001*) to perform its functions.

The Act authorises the Board to determine whether a school continues to comply with the accreditation criteria set out in the Act and the processes by which it must do so. One of the criteria relates to land and buildings, and specifically requires a school to "*comply with relevant land use, building, and workplace health and safety, legislation in relation to the location of the school and its buildings*".

In order to assist the Board in its determination with respect to the criterion mentioned above, I would appreciate your written advice regarding the status of the school's compliance with relevant legislation in relation to the second external access to the site for use in the case of emergencies.

Ms Tanzer has informed me that in relation to the external emergency access she was recently advised by a Development Officer (Ralph Halser) from your unit that:-

Planning Consent Permit No. C977068 was issued on 27 March 1998 for extensions to the educational establishment, including sports facilities, grandstand and the emergency access;

The permit expired after 4 years time;

In 2001, Council issued an Enforcement Notice because it had become aware that the emergency access was being used in circumstances where the school was not conforming to the Planning Consent Permit. The Notice required the rear exit to be maintained with an emergency gate and the road to be sealed or compacted;

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

The Notice was served on the school;

The school is breaching Council's requirement given that the Permit has lapsed and arrangements for the emergency access are not in place (i.e. the gate is locked and bolted and does not meet the requirements of the original permit).

Ms Tanzer informs me that Council further advised that it had recently contacted Mrs Kim Burgess regarding this matter. According to Council, Mrs Burgess indicated that the school had received an extension with respect to the Enforcement Notice. Council advised that it has no record of this request and in the circumstances, it would issue a notice to the school providing it with fourteen (14) days in which to demonstrate that it has commenced construction. Accordingly, Council's advice was that the Enforcement Notice is current and the school is not complying with its requirements with respect to the emergency access.

I would appreciate your confirmation of the above information, together with any additional information you consider relevant.

I understand you are also seeking advice regarding the status of the Board in terms of the *Freedom of Information Act 1992*, and in particular, where *section 11* is applicable. I believe that *section 11* does not apply to the Board as it falls within the definition of an "agency" under the Act. Furthermore, I am not making an application to obtain access to documents under the Act.

If you would like any further information, or wish to discuss the matter, please do not hesitate to contact Ms Tanzer on (07) 3235 4661.

I would appreciate your advice as a matter of urgency.

Yours sincerely



**Mr Laurie Vogler**  
Director

Released under the  
RTI Act by DEPT

# FILE NOTE

Document2

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**FILE REF:**

**DISCUSSIONS WITH:** SHERYL KROME, DEVELOPMENT COMPLIANCE UNIT,  
MAROOCHYDORE SHIRE COUNCIL

**PHONE:** 5441 8266

**FAX:** 5441 8424

---

**SUBJECT: SUNSHINE COAST GRAMMAR SCHOOL**

---

21 November 2003 – spoke to Sheryl (as requested by Ralph) regarding my request for written confirmation regarding the status of the school's compliance with Council regulations with respect to land use. She was leaving for an inspection and indicated she would call me back.

25 November 2003 – Sheryl called at 9am requesting that I send a letter (by facsimile) outlining my request and particularising the information sought. She said her area handles complaints and investigations and will not have all the relevant information i.e. she will need to send it to another area to follow up. She also asked me to outline the advice from EQ's FOI unit concerning whether or not the Board is an exempt agency. She will ensure the request is handled as a matter of urgency and provide all information pertaining to the property.

*Deborah Tanzer*

Deborah Tanzer  
A/Senior Investigator  
Office of Non-State Education

3235 4661

25 November 2003

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RTI Act by [signature]



12/03  
4.2.1

25 November 2003

Ms Sheryl Krome  
Development Compliance Unit  
Maroochydore Shire Council

**Facsimile - (07) 54 418 424**

Dear Ms Krome

RE: SUNSHINE COAST GRAMMAR SCHOOL

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The Act authorises the Board to determine whether a school continues to comply with the accreditation criteria set out in the Act, and the processes by which it must do so. One of the criteria relates to land and buildings, and specifically requires a school to "*comply with relevant land use, building, and workplace health and safety, legislation in relation to the location of the school and its buildings*".

In order to assist the Board in its determination with respect to the criterion mentioned above, I would appreciate your written advice regarding the status of the school's compliance with relevant legislation in relation to the second external access to the site for use in the case of emergencies.

Ms Tanzer has informed me that in relation to the external emergency access she was recently advised by a Development Officer (Ralph Halser) from your unit that:-

- . Planning Consent Permit No. C977068 was issued on 27 March 1998 for extensions to the educational establishment, including sports facilities, grandstand and the emergency access;
- . The permit expired after 4 years time;
- . In 2001, Council issued an Enforcement Notice because it had become aware that the emergency access was being used in circumstances where the school was not conforming to the Planning Consent Permit. The Notice required the rear exit to be maintained with an emergency gate and the road to be sealed or compacted;

The Notice was served on the school;

The school is breaching Council's requirement given that the Permit has lapsed and arrangements for the emergency access are not in place (i.e. the gate is locked and bolted and does not meet the requirements of the original permit).

Ms Tanzer informs me that Council further advised that it had recently contacted Mrs Kim Burgess regarding this matter. According to Council, Mrs Burgess indicated that the school had received an extension with respect to the Enforcement Notice. Council advised that it has no record of this request and in the circumstances, it would issue a notice to the school providing it with fourteen (14) days in which to demonstrate that it has commenced construction. Accordingly, Council's advice was that the Enforcement Notice is current and the school is not complying with its requirements with respect to the emergency access.

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If you would like any further information, or wish to discuss the matter, please do not hesitate to contact Ms Tanzer on (07) 3235 4661.

I would appreciate your advice as a matter of urgency.

Yours sincerely



**Mr Laurie Vogler**  
Director

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RTI Act by DLT

## COMMENTS ON THE OPINION OF MARK ROBERTSON FROM CONCERNED PARENTS OF SUNSHINE COAST GRAMMAR SCHOOL

1. The conclusion in the opinion of Mark Robertson, Barrister that the Sunshine Coast Grammar School Pty Ltd (SCGS P/L) holds the Grammar School as a charitable trust adds a new dimension and urgency to the current attempts to ensure the future of the Grammar School.
2. It is hoped that the Attorney General as the protector of charities will exercise his discretion and take action as a matter of urgency to enforce the trust and in particular seek the appointment of new trustees. The future of the Grammar School is threatened unless action is taken by the end of term (5 (December 2003)).
3. The reasons for the urgency are:
  - a) The sale process is completely in the hands of the [s47(3)(b)] who appointed William Buck as his sale agent. The identity of what is being sold (ie the trust property or the shares in SCGS P/L) or the identity of the prospective purchasers has not been revealed to the school community.
  - b) In no communications by the Board or its agents has any mention been made of a trust. There are concerns that before an application is made to the court, the Board could sell the trust property (ie the school).
  - c) Alternatively, [s47(3)(b)] could sell their shares to a purchaser unaware of the trust's existence.
  - d) The proceeds of sale might be dissipated to the benefit of [s47(3)(b)] and contrary to the trust.
  - e) The new owner of the school might not continue it as a school or make changes that are inconsistent with the terms of the trust.
4. [s47(3)(b)] remains closely involved in the day-to-day running of the school. For example, he has been involved in the re-negotiation of the Enterprise Bargaining Agreement with staff.
5. Since [s47(3)(b)] de-registration, [s47(3)(b)] role in the running of the school has increased substantially.
6. [s47(3)(b)] as majority shareholder with 400 of the 401 issued shares has effectively the sole right to amend the constitution of the company or to

appoint and dismiss the members of the Board of Directors of SCGS P/L at any time.

7. SCGS P/L is unsuitable to remain as trustee as the Non-State Schools Accreditation Board (NSSAB) has issued a show cause notice in relation to, among other things, the constitution, structure, management and administrative arrangements of the School's governing body.
8. SCGS P/L is unsuitable to remain as trustee because the company is controlled by a person who is unfit for registration as a teacher and is unable to obtain a blue card.
9. There is a great deal of concern that the trust assets are being used for the benefit of the shareholders of the trustee company and not for the benefit of the trust. For example, the removal from the financial accounts of SCGS P/L for this year of the option to purchase two adjoining properties. Since 1998 this option had been shown in the company accounts. This option is essential to ensure the Grammar School has another school entrance and meets town planning requirements. Although the option is clearly for the benefit of the Grammar School that has paid significant lease fees of over \$200,000 in respect of the option land, the option was granted in the name of s47(3)(b)
10. It is noted that, as the NSSAB lacks power to appoint an administrator to ensure the necessary changes are made, it relies solely on the threat of revoking accreditation. In the face of an intransigent Board of Directors, this threat may not be effective in achieving a desirable outcome. In any event, what can the NSSAB do if the trust property or the shares in SCGS P/L are transferred to an undisclosed nominee of s47(3)(b)
11. s47(3)(b) continuing involvement in various aspects of the School and his physical presence at the school and at school functions has created a great deal of anxiety and uncertainty. This anxiety and uncertainty is being reflected in increasing levels of staff dissatisfaction and departures as evidenced by the communique of 12 November 2003 from 97 out of 107 staff members (copy attached). Also, while formal enrolments have appeared to remain steady, the continuing anxiety and uncertainty has led to a growing number of parents indicating that they are seriously considering not re-enrolling their children next year.

19 November 2003

Pages 105 through 123 redacted for the following reasons:

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Schedule 3, item 7

# FILE NOTE

Document2

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**FILE REF:**

**DISCUSSIONS WITH:** JODIE, LEGAL SERVICES, MAROOCHYDORE SHIRE COUNCIL

**PHONE:** 5441 8298

**FAX:**

---

**SUBJECT: SUNSHINE COAST GRAMMAR SCHOOL**

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12.05pm -Telephoned for Lyn and left a message with Jodie for Lyn to call.

2.45pm – Ralph, Development Compliance Unit called (on behalf of Legal Services). He advised that he has spoken with Michelle Grey, Solicitor, Legal Services and she advised that she had no instructions with respect to SCGS.

Ralph advised that he reviewed the file and the status is as follows:-

- Planning Consent Permit No. C977068 (issued under the Integrated Planning Act) has now lapsed;
- The Planning Consent Permit was for extensions to the educational establishment, including sports facilities, grandstand and the emergency access;
- It was issued on 27 March 1998 and will automatically lapse where the authorised use has not commenced within 4 years;
- The school made an application for an Operational Works Permit i.e. to commence the works;
- The reason Council issued the Enforcement Notice in 2001 in relation to the emergency access was that the access was being used and the school was not conforming with the Planning Consent Permit;
- The school elected to appeal the matter to the Court;
- Council could withdraw the matter from the Court because it had received an application to commence the works;
- Given the Planning Consent Permit has lapsed, the school can no longer commence construction;
- Any future application for a Permit will be assessed under the new Maroochy Shire Plan 2000 which has more stringent conditions. The cost will be high (i.e. cost of permit is \$3,000.00).

**Therefore, the school is in breach of Council regulations given that the original permit has lapsed and arrangements for the emergency access are not in place.**

**Ralph is aware that the emergency access is no longer being used as the gate is locked and bolted. This access does not meet the requirements of the original permit and does not meet the requirements of the Fire Department. Therefore, there is now no form of emergency access and he will need to issue a new show cause notice to direct the school to meet the necessary requirements.**

Ralph has contacted [s47(3)(b)] today and left a message for her to call. He was advised that [s47(3)] is "doing a walk around the site with the new owner".

The next step for Council will be to request the school demonstrate that it has in some way commenced construction. If it has not, Council may require an application for a new set of permits.

If the school has partly complied, it is still in breach, and Council could proceed to court for the breach and seek an order to complete. The school could also be fined for the breach.

Alternatively, Council could decide to negotiate a new construction timetable for compliance.

Ralph also advised that an application for a full planning search has been lodged by a party which requires Council to locate all permits and conduct an onsite inspection to assess whether the permits have been complied with. Peter Jeffcott, Development Audit Officer, is conducting the search.

**\*\*Ralph called back to advise that he had spoken to [s47(3)(b)] and that she was disputing that the permit had lapsed and contending that it had been extended for 12 months to 2004. Ralph has checked his file and can find no record of a request for an extension or approval of it. In any event, Ralph considers the school is still in breach and has given her 14 days to respond. [s47(3)] advised that she would be seeking a further 12 month extension. Ralph advised that Council will object to her request for an extension as the emergency access does not meet the original permit or the requirements of the Fire Department.**

*Stamps*

Deborah Tanzer  
A/Senior Investigator  
Office of Non-State Education

3235 4661

18 November 2003

Released Under RTI Act

# FILE NOTE

Document2

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**FILE REF:**

**DISCUSSIONS WITH:** LYN, LEGAL SERVICES, MAROOCHYDORE SHIRE COUNCIL

**PHONE:** 5441 8298

**FAX:**

---

**SUBJECT: SUNSHINE COAST GRAMMAR SCHOOL**

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I telephoned Ralph, Development Compliance Unit, who referred me to Lyn in Legal Services regarding Council's current position in relation to the Enforcement Notice issued against SCGS.

I spoke to Lyn (who had been briefed by Ralph). She will make some enquiries and get back to me.



Deborah Tanzer  
A/Senior Investigator  
Office of Non-State Education

3235 4661

14 November 2003

Released under the  
RTI Act by DET

# FILE NOTE

Document2

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**FILE REF:**

**DISCUSSIONS WITH:** RALPH, DEVELOPMENT OFFICER, DEVELOPMENT COMPLIANCE UNIT

**PHONE:** 544 18070 (direct)

**FAX:**

---

**SUBJECT: SUNSHINE COAST GRAMMAR SCHOOL**

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Telephoned Ralph querying whether SCGS was complying with relevant Council legislation regarding land use, specifically a second external access to the site for use in the case of emergency.

Ralph advised as follows:-

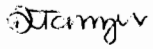
- . In 2001 an Enforcement Notice was issued to the school to comply with parking and access requirements. Specifically, the rear exit was to be maintained with an emergency gate and the road sealed or compacted.
- . Notices were served on the school (as the access is not owned by the school). The Council was informed that the school had a deed of lease with the owner of the land. Therefore, the original documentation with Council was completed and lodged by the school, rather than the owner. [s47(3)(b)] from the school, advised that the school was negotiating with the owner to buy the land.
- . It is something of an "unusual" situation given that Council is providing instruction/direction to the lessee of land (when arrangements for rectification will necessarily involve the lessee and the lessor);
- . 8 complaints have been received regarding access of the property by vehicles, trucks, and parents via the rear exit;
- . He carried out an inspection of the site on 5 November 2003 and the school was still in breach of the Enforcement Notice. Therefore, the **Enforcement Notice is current and the school is not currently complying with council's requirement i.e. it is in breach of the Integrated Planning Act.**

I queried whether any action had been taken on the Enforcement Notice. Ralph advised that council practice is to issue the Enforcement Notice and advise the relevant party of the avenue of appeal and encourage negotiation, rather than prosecution through the courts. He would usually receive the file back from the Legal Area after the Enforcement Notice is issued. However, in this case, the file has remained in the Legal Area. He believes the school may have indicated it would appeal and therefore it is required to provide Council with appeal details. However, he believes this was never done. He thinks Council would therefore enter into negotiations with the school, rather than proceed to court.

I queried when the next action would be taken. Ralph advised that "somebody" would review the case and eventually proceed to prosecute it. He said delays of this nature were not unusual.

Ralph advised that this really could be considered as a minor matter as rectification involved approximately \$2,000.00 - \$10,000.00 in costs.

Ralph can be contacted by email on [halser@maroochy.qld.gov.au](mailto:halser@maroochy.qld.gov.au).



Deborah Tanzer  
A/Senior Investigator  
Office of Non-State Education

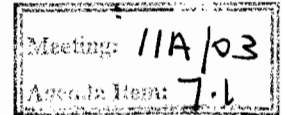
3235 4661

13 November 2003

Released under the  
RTI Act by DET

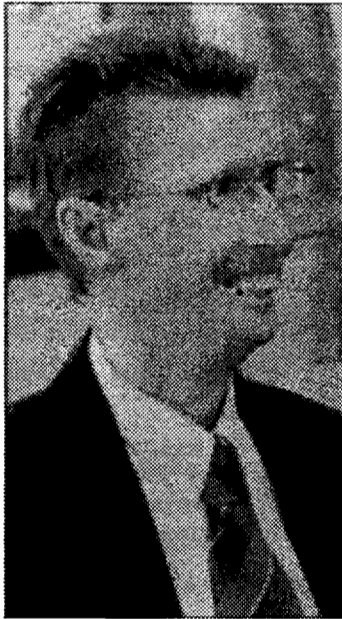


**Sunshine Coast Daily (Maroochydore) Tuesday 11/11/2003**  
**General News Page 7**  
Circulation: 21,618  
Size: 154.15 sq.cms.



**SCHOOLS**

# Grammar closes book on possible buyers and answers 'show cause'



**SALE IMMINENT:** Sunshine Coast Grammar School owner John Burgess says more than 30 parties want to buy the school.

THE board of Sunshine Coast Grammar School has responded to a "show cause" notice issued by the Non-State Schools Accreditation Board, which is crucial to it remaining operational next year.

The accreditation board confirmed yesterday that the school had provided a submission by Friday's deadline.

Director of Non-State Education Laurie Vogler said the board would "fully review the submission over the next few weeks to determine whether the school's accreditation should be continued or cancelled".

Mr Vogler would not expand on the "show cause" request, although it is believed the ownership structure of Sunshine Coast Grammar was one of the key issues.

The school is owned by founder John Burgess and his

wife Kim, although Brisbane chartered accountancy firm William Buck has been retained to conduct a campaign to sell the Forest Glen facility.

Expressions of interest also closed on Friday, with the Burgesses telling parents that at least 30 parties were interested in buying the school.

Ian Brown from the Grammar School's acquisition steering committee said his group was out of the running after being told its bid did not meet aspects of the criteria.

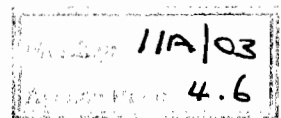
"The criteria probably lends itself to another school buying in," he said.

"Our only concerns would be ensuring the school stays non-denominational and that the vision for academic excellence is maintained."

Indications are that a sale could be announced within a month.

— GORDON CLARK

Released under RTI Act



10 November 2003

Mr Greg Wanchap  
Managing Partner  
William Buck  
Queensland

COPY

Dear Greg

As we discussed recently, the Office of Non-State Education supports the operation of the Non-State Schools Accreditation Board. As such, even though the Office is part of the Department of Education, it is important that it and the Board keep at arms length any activity or service that the Department may be undertaking in an area relating to the Board's responsibilities.

Recently I was advised that Education Queensland International (EQI), the section of the department that fosters business relationships with overseas clients and partners, has been in discussion with a Chinese business client, [s47(3)(b)] who is seeking investment in educational infrastructure and institutions in Queensland. I understand that [s47(3)(b)] is examining the possibility of submitting an expression of interest in the purchase of Sunshine Coast Grammar School (SCGS). [s47(3)(b)] may choose to contract services from EQI to assist her to negotiate Australian business requirements.

The Accreditation Board has taken action within its statutory powers that requires the governing body of this school to respond to certain matters. As you know, the owners have expressed a clear intention to dispose of their interest in the school and to change the governing body through the sale that your firm is in the process of brokering. The Accreditation Board will be responsible for determining the suitability of any new governing body for the school. It has no other interest in the process relating to the sale.

Clearly, any activities undertaken by EQI with respect to [s47(3)(b)] expression of interest in the school are entirely separate from the activities of the Office and the Board.

As you are aware, the Office may provide appropriate advice to any short-listed prospective bidder concerning the range of factors for consideration by the Accreditation Board with respect to the assessment of the suitability of an incoming governing body.

Yours faithfully

Laurie Vogler  
Director  
Office of Non-State Education

RECORDS AWAY  
10 NOV 2003

## PARSONS, Pat

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**From:** VOGLER, Laurie  
**Sent:** Monday, 10 November 2003 4:38 PM  
**To:** PARSONS, Pat  
**Subject:** FW: Sunshine Coast Grammar School

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

**From:** VOGLER, Laurie  
**Sent:** Monday, 10 November 2003 4:37 PM  
**To:** 'gclark@scnews.com.au'  
**Cc:** MCGILL, Dianne  
**Subject:** Sunshine Coast Grammar School

Gordon

On Friday, 7 November, the Non-State Schools Accreditation Board received a submission from Sunshine Coast Grammar School Pty Ltd as to why it should retain its accreditation, in response to a "show cause" notice issued in August.

The Board will fully review the submission over the next few weeks to determine whether the school's accreditation should be continued or cancelled.

The Board is aware that William Buck, a firm of business advisers and chartered accountants, has been engaged to find a new owner for the school.

Regards  
Laurie Vogler  
Director  
Office of Non-State Education

Released under the  
RTI Act by DET

**To:** Mr L Vogler

**Fax:** 3237 0004

**From:** Robyn Perrin

**Pages:** 8

**Date:** 7/11/03

**Re:** Sunshine Coast Grammar School

Dear Mr Vogler

Attached is a copy of an Open Letter to Prospective Purchasers of Sunshine Coast Grammar School from the SCGS Acquisition Steering Committee. This letter outlines the major issues the current school community thinks are important for the future of the school.

I also attach a copy of letters sent by s47(3)(b) and William Buck for your information.

Regards

Robyn Perrin

Released by the DET  
RTI

*Sunshine Coast Grammar School  
Acquisition Steering Committee*

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**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 245 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)



## A LETTER TO SCGS PARENTS &amp; STAFF

Formerly H&amp;M Chartered

We have been asked to write to you by 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 their 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 s47(3)(b) 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  
ABN 55 100 344 455

GREG WANCHAP  
MANAGING DIRECTOR  
4 November 2003

Level 15, William Buck Centre, 120 Edward Street, Brisbane QLD 4000 Australia • GPO Box 736, Brisbane Qld 4001 Australia  
Telephone (61 7) 3223 3555 • Facsimile (61 7) 3210 6183 • Email info@williambuckqld.com.au • Web www.williambuck.com.au  
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William Buck Group is a subsidiary of William Buck Group Limited, a public company listed on the Australian Securities Exchange (ASX) under the name William Buck Group Limited (ASX: WBG).

**PARSONS, Pat**

**From:** VOGLER, Laurie  
**Sent:** Friday, 7 November 2003 10:41 AM  
**To:** PARSONS, Pat  
**Subject:** FW: Sunshine Coast Grammar School

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

**From:** Malcolm McColm [mailto:mmccolm@mmlaw.com.au]  
**Sent:** Friday, 7 November 2003 8:55 AM  
**To:** VOGLER, Laurie  
**Subject:** RE: Sunshine Coast Grammar School

Laurie,

unfortunately this page was not capable of being emailed, but appears in the hard copy couriered yesterday.

Please advise if you do not receive the hard copy this morning.

Regards,

Malcolm McColm

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

**From:** VOGLER, Laurie [mailto:Laurie.Vogler@ed.qld.gov.au]  
**Sent:** Thursday, 6 November 2003 5:46 PM  
**To:** Malcolm McColm  
**Subject:** RE: Sunshine Coast Grammar School

Malcolm

I acknowledge receipt of documents in response to the Accreditation Board's Show Cause and Compliance Notices. During a very quick look through the documents, I notice that page 23 is blank; i.e. the timetable for achieving the change of ownership of the school. Perhaps you will have picked this up and included this information in the package to be sent by courier. It is a very significant piece of information.

Yours sincerely  
 Laurie Vogler

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

**From:** Malcolm McColm [mailto:mmccolm@mmlaw.com.au]  
**Sent:** Thursday, 6 November 2003 3:47 PM  
**To:** VOGLER, Laurie  
**Cc:** wbrewer1@bigpond.net.au; johnston@jr.com.au; sbeebe@powerup.com.au  
**Subject:** Sunshine Coast Grammar School

Dear Laurie

Please find attached to this email a covering letter and copy of the response to the Show Cause and Compliance Notices by Sunshine Coast Grammar School.

Originals are being forwarded by Australia Post Courier today.

Regards

Malcolm McColm

**RECORDS AWAY**  
**- 7 NOV /2003**

# SUNSHINE COAST GRAMMAR SCHOOL

372 Mons Road FOREST GLEN  
QUEENSLAND 4556 AUSTRALIA



6 November 2003

Professor R Webb  
Chairperson  
Non State Schools Accreditation Board  
Level 21 Education House  
30 Mary Street  
BRISBANE QLD 4000

RECEIVED  
6 NOV 2003  
BY.....

Dear Professor Webb

## **SUNSHINE COAST GRAMMAR SCHOOL PTY LTD**

The directors of Sunshine Coast Grammar School Pty Ltd are pleased to provide the attached response to the Show Cause and Compliance Notices issued in relation to the Sunshine Coast Grammar School and dated 2 September 2003.

The directors of Sunshine Coast Grammar School Pty Ltd request and expect that the report and letter dated 18 August 2003 prepared by the Assessors and the attached response will be treated by your Board as private and confidential.

For the benefit of the students, staff, school community and the broader Sunshine Coast community and having regard to the imminent conclusion of the 2003 school year and commencement of the 2004 school year, the earliest confirmation of ongoing accreditation is essential. The issues which have concerned the NSSAB are either dealt with or will be dealt with through the new ownership of the School.

### **Show Cause and Compliance Notices**

The attached report addresses the matters raised in the notices in detail. The following items are highlighted for your information.

#### ***School Ownership***

Outlined in the attached response are details of the process to change the ownership of the School. This process is being managed by William Buck (formerly Hall Chadwick), Chartered Accountants. The directors understand that William Buck have communicated with the NSSAB in relation to this process. As you will be aware, a national advertising program has occurred with the objective of achieving a change of ownership before the end of 2003.

Expressions of interest close on 7<sup>th</sup> November 2003.

As detailed in the accompanying response a significant number of expressions of substance have already been received.

#### ***Head of School***

Outlined in the attached report are details on the appointment process for a permanent Head of School.

88

The Head of School Selection Committee, chaired by Dr Evans, has finalised its deliberations and provided its recommendations. Discussions with the preferred applicant have now commenced.

Appointment of a new Head of School for 2004 is expected to be announced within days.

### ***Directors***

With a change of ownership expected to occur by the end of 2003, the directors' period of caretaker governance is nearing conclusion and will permit the orderly retirement of the present directors.

### ***Accreditation Issues***

In relation to the accreditation issues, the following pertinent issues are noted briefly:

- the Section 3 definition of 'harm' has now been incorporated in a revised, expanded and updated Child Protection Policy which will be communicated fully with all school groups;
- the process for improvement strategies has been reviewed and revised with strategies identified for the School to pursue in conjunction with the new Head of School;
- the issues relating to financial viability will be addressed in the 2004 budget and raised with intending new owners of the school;
- the issues relating to staffing will be addressed in the 2004 budget and raised with the intending new owners of the school;
- the school is complying, and always has complied with the relevant land use, building and workplace health and safety legislation; and
- the issues relating to educational facilities and materials will be addressed in the 2004 budget and raised with the intending new owners of the school.

### **Issues which require emphasis**

In issuing the Show Cause Notice, the NSSAB has relied, in part, on the letter dated 18 August 2003 prepared by Dr M Evans and Mr D Langdon. The purpose for this letter is unknown and it seems unnecessary, particularly as Messrs Evans and Langdon note in the opening paragraph that the information "is not specific to our opinion to the accreditation criteria outlined in the Regulations". The letter claims to report numerous perceptions presented to the Assessors. The letter repeatedly uses words such as 'perceptions', 'appears', 'feeling', 'views', 'seems', 'seen to be', etc. What the letter does not do in its seven pages is identify any facts which confirm any inappropriate actions by the school directors. Many of the claimed, 'perceptions' amount to no more than suspicions by individuals who have no information on which to have any reasonable knowledge of relevant issues.

Much of the letter of 18 August 2003 amounts to nothing more than gossip linked to factual and arithmetic inaccuracies. The conclusion for the letter comprising 5 paragraphs did not identify a single item in relation to improper conduct or action by the directors. The conclusions focused on communications by the board and within the school structure. Criticisms of communications in a large organization will always have some validity and can only be expected to occur when there are a series of competing agendas and

interests. And the disappointing aspect is that some fundamental checking of facts would have confirmed this to be the case.

The following issues are emphasized for your information.

### ***Perceptions***

The reliance on perceptions for the most serious of matters, without any consultation with the directors, is quite astounding. Particularly, when the sources for the perceptions could reasonably be expected to lack partiality. Significant issues presented by the Assessors in their report and letter based on perceptions are:

- allegations through the Student Counsellor;
- comments by s47(3)(b) who was at the time pursuing legal action against the School (and which has since been settled);
- comments attributed to the former International Student Liaison Officer (who incidentally was a 'she' but is referred to as a 'he' in the Assessors' letter) who was terminated at the end of 2002 for incompetence; and
- comments made in relation to the CBA relationship for which no persons outside of the directors had any knowledge.

### ***Contradictory Opinions***

Hall Chadwick (now William Buck), the firm of which Mr Langdon is a partner, has previously been engaged for professional advice in relation to Sunshine Coast Grammar School in relation to the following matters.

1. A Report on the Financial Standing of the School by the firm's Education Specialists dated 19 August 1999 prepared for the National Australia Bank to consider an application to accept the refinancing of the \$8,000,000 loan debt. The report, which rated the School as a strong to adequate risk rate, did not identify any issues relating to governance for the information of the NAB. It is interesting to note that at the time, and for all times since receiving accreditation, the School had only two directors.
2. A Borrower Review Report by the firm's Education Specialists dated September 2000 was prepared for the CBA in relation to the loan arrangements for the School. The report specifically addressed the Corporate Governance of the School. At the time, the board had been expanded to 3 directors. The report provided a positive assessment of the School's Governance, noting that the addition of legal expertise would be beneficial. As a result Mr McCollm was appointed to the Board. The report did not include any criticisms in relation to:
  - the composition and appointment of the board;
  - control of the directors;
  - professional consulting arrangements.

In fact, the report was only positive and supportive of the arrangements in place.

It is therefore intriguing that Mr Langdon signed off on quite contradictory conclusions in the letter of 18 August 2003.

Further, the willingness of Mr Langdon's firm to accept the engagement for the change of ownership of the School on a purely 'success fee' basis suggests a positive view of the School which is not apparent in the letter of 18 August 2003.

The directors were also interested in comments by Dr Evans during a meeting between the Head of School Selection Panel and the directors in which he was effusive in his positive comments to the directors for continuing to function during the difficulties of 2003.

#### **s47(3)(b) Influence**

The constant theme throughout both the letter and the report suggesting that the actions of the board were controlled by s47(3)(b) is abhorrent and utterly rejected on all matters other than issues of historical significance.

#### **Assessors' Tenor**

The tenor of both the report and the letter is to accept, without factual confirmation, the perceptions put to the assessors. The most critical issues, particularly the allegations in relation to sexual harassment and s47(3)(b) were not even raised with the board for comment. On other issues for which the board's comments were sought, the report and letter failed to even mention the comments or failed to give balanced weight to the board's comments. For example:

- influence of s47(3)(b)
- loan arrangements for s47(3)(b)
- enrolment profile;
- financial data;
- emergency access;
- budget issues;
- relationship with co-principals;
- appointment of s47(3)(b) and
- relationship with CBA.

The letter indicates a fundamental misunderstanding of the board role and relationships in a corporate structure. The suggestions that the board has direct relationships with staff within the school is quite astounding, contrary to AHISA guidelines, and would be immensely concerning to any CEO who was directed to administer such a structure. Despite specific comment from the board, the assessors have failed to acknowledge that the CEO is the pivotal individual in an effective organisational structure and who is responsible for such relationships.

Further, the letter fails to acknowledge the difficulties which will occur when an executive chooses to release incomplete and selective confidential information to groups which are insufficiently informed to make reasonable and informed judgments.

The inherent lack of balance in the content presented in the assessors' letter is both very damaging and disappointing.

### ***Absence of Facts***

Throughout both the report and the letter, the assessors failed to check facts on verifiable matters, for example:

- payment of legal fees;
- budget preparation;
- allegations of sexual harassment;
- s47(3)(b)
- s47(3)(b) payments;
- chairmanship of company;
- CBA relationship;
- loan terms and conditions; and
- 2002 staff terminations.

This failure by the assessors to confirm the circumstances of matters which were capable of being verified is disappointing.

This disappointment is exacerbated because Mr Langdon indicated on more than one occasion during the review process that the board would be given the opportunity to consider and respond to draft conclusions to prevent errors in the final report. For reasons which have never been explained to the board, this review opportunity never eventuated.

### ***Disruption to School***

The cost to the School, and therefore to the resources available to students, of the review, is substantial.

The process has:

- consumed valuable executive time and been a distraction from important duties;
- consumed the board's time when attention to the school's future was important;
- prevented the settling of the purchase of the adjoining land in June 2003;
- resulted in extraordinary charges on the School from the CBA (\$47,000 for the first four weeks following the Show Cause and Compliance Notices), as it moved to analyse and protect its single interests.

If the review had adopted proper processes with common courtesies from the outset, many of the issues, misinformation and false conclusions would have been avoided without such damage. Misunderstandings of the company's constitution, financial timing issues, arithmetic errors and contradictions to earlier Hall Chadwick reports could have been addressed.

## **Conclusion**

The report and the letter by the assessors fail to acknowledge that the board has as its key interest the education and welfare of over 1,000 students. If the education of these students and the employment of the school's staff, all of whom share the same motivation, was not the motivating factor, you may be assured that each of the directors would have resigned early in 2003. This was an issue discussed by the board at the time. This issue was also mentioned to the assessors but no comment to this effect can be found in either of the report or the letter.

The current board sincerely hopes to see the school continue for decades into the future. The School has fantastic physical and personnel resources and is a substantial institution on the Sunshine Coast. The past twelve months have been extraordinarily challenging for the entire school. Yet, despite these challenges, the student enrolment continues to grow. At 29 October 2003, the student enrolment was 1,066, compared to 1,037 in February 2003. This enrolment growth is a result of all the things the School does well.

## **Future**

As you will appreciate, the decision of your board regarding accreditation of the school is a matter of immediacy to:-

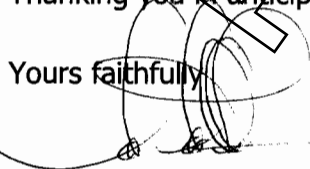
- students, parents, staff and the wider school community.
- prospective new Heads of School.
- prospective new owners of the school.

With the end of the school year only weeks away, and the processes of appointment of a new Head of School and change of ownership being in critical phases, it is essential that certainty is provided to all stakeholders regarding the accreditation issues as a matter of urgency.

On behalf of all stakeholders, I request that you address the response to the Show Cause and Compliance notices and let the school have your advice in respect of these matters as soon as possible.

Thanking you in anticipation.

Yours faithfully,

  
Malcolm McColm  
Chairman

## **Note of Confidentiality**

The content of this letter and accompanying information is supplied for the sole purpose of communication between the school and the Non-State School's Accreditation Board. The contents may not be reproduced, published or circulated for any other purpose without the prior written consent of Sunshine Coast Grammar School Pty Ltd.

**RESPONSE TO  
NON-STATE SCHOOLS  
ACCREDITATION BOARD  
ON  
SHOW CAUSE AND  
COMPLIANCE NOTICES**

**RE: SUNSHINE COAST GRAMMAR SCHOOL**

**Prepared by the School's Board of Directors  
with the assistance of Dr Keith Tronc,  
Consultant in Educational Administration**

**5 November 2003**

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## 1. FUNDAMENTAL STRENGTHS OF THE SCHOOL

Before addressing those grounds specifically relied on by the Board in its Show Cause Notice under s.64 of the Act, viz:-

- (a) failure to comply with four accreditation criteria; and
- (b) unsuitability of the school's governing body,

it is appropriate to provide an initial overview summary analysis of the assessors' positive findings.

In the overall context of the school's co-operative response to the Board's Compliance and Show Cause requirements, this summary will establish that the Sunshine Coast Grammar School is, prima facie, an educational institution with good fundamental prospects for further educational success. In contrast to the critical comments underlying the Show Cause Notice, a countervailing set of justifications for the school's continuing access to government funding may be found in the assessors' comments set out below, providing significant argument that the school's ongoing accreditation is a worthwhile goal for all parties concerned.

### **Positive comments by the assessors**

1. "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 funding agency, with the timely addressing of issues identified in our report." (See s.5.4 of assessors' letter dated 18 August 2003).
2. "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 sent, and explanatory information provided in response to matters raised on-site by the assessors." (See Assessors' Report, dated 18 August 2003, s.1, Purpose Statement, para 6).
3. "The Statement of Philosophy and Aims in conjunction with the new Vision Statement are appropriate and adequate documents." (See Report, 2.2)
4. "The school's educational program provided to students is sound and is being managed by competent, committed teachers." (See Report, 2.2).
5. "The school recorded three OP 1 scores in 2002, which is considered to be a significant factor in attracting and maintaining enrolments." (See Report, 3.7.1 Ongoing Operations).
6. "The school site is an attractive one, aesthetically pleasing and spacious." (See Report, 3.12).
7. "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." (See Report, 3.12).

8. "The current debt per student is in excess of \$8,000, which is not unreasonable for a school in its current stage of development." (See Report, 5.5).
9. "Teachers interviewed seemed committed to the Vision Statement and prepared to fulfil its requirements." (See Report, 6.1).
10. "Examination of the curriculum documents revealed a high level of compliance with QSA requirements." (See Report, 6.2).
11. "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." (See Report, 6.2).
12. "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." (See Report, 6.2).
13. "... the school has sufficient adequately qualified teaching staff." (See Report, 7.1).
14. "The school has made a significant commitment to information technology and is well provided with computers for student and staff use." (See Report, 7.3).
15. "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." (Assessors' letter, 1.4).

## 2. **RESPONSE TO S.10 COMPLIANCE NOTICE (HEALTH, SAFETY AND CONDUCT OF STUDENTS)**

### 2.1. **The inconsistency of the school's written processes with the s.3 definition of "harm".**

The s.3 definition of "harm" has now been incorporated in a revised, expanded and updated Child Protection Policy, which is set out below:-

#### **SUNSHINE COAST GRAMMAR SCHOOL CHILD PROTECTION POLICY**

The Education (Accreditation of Non-State Schools) Regulation 2001 requires that all schools must have written processes about the appropriate conduct of their staff and students, which accord with legislation applying in the State, about the care and protection of children. (See The Child Protection Act 1999 and the Criminal Code (Queensland)). The Regulation defines "children" as students under 18 years of age.

Sunshine Coast Grammar School is aware of its duty of care and responsibility for the welfare and well-being of students under its control and recognises the need to protect students from inappropriate behaviour by members of the school and wider community, including staff. This written policy relates directly, in the first instance, to procedures associated with inappropriate behaviour by staff and volunteers. Sunshine Coast Grammar School is committed to the safety and well-being of all its students and staff.

"Inappropriate behaviour" refers to:-

- (a) physical abuse and excessive punishment of a student;
- (b) emotional or psychological abuse of a student;
- (c) sexual abuse, sexual harassment, or exploitation of a student;
- (d) neglect of a student;
- (e) exposing a student to pornography.

1. All staff (professional, paraprofessional, sub-professional, administrative, ancillary and maintenance personnel, as well as all volunteers coming into contact with the students of the school) will be required to possess a "Suitability Card for Child-Related Employment", issued by the Commission for Children and Young People, having previously undergone checks of prior criminal history.
2. All employed staff and volunteers of the Sunshine Coast Grammar School are expected to reflect the highest standards of care in their behaviour towards and relationships with students of the school.
3. All employed staff and volunteers of the Sunshine Coast Grammar School must not, under any circumstances, engage in physical or emotional abuse, or engage in sexual contact with, or sexual harassment of a student of the school. It is irrelevant whether the conduct is consensual or non-consensual, or condoned by parents or caregivers. The age of the student is also irrelevant.
4. Failure to behave in an appropriate manner may result in criminal proceedings and/or disciplinary action, including dismissal from employment.
5. Where a student, parent or other person believes that the behaviour of a staff member or volunteer is inappropriate, they should report such behaviour to the Head of School (or the Head of School's nominee) immediately. At Sunshine Coast Grammar School, the Head of School's nominee is the relevant principal or the College Counsellor..
6. The person receiving the complaint should put into writing the free and spontaneous report of the student. The student must not be interrogated, nor should there be any attempt to lead the student. School personnel, with the exception of the Head of School (or nominee), should not under any circumstances attempt to investigate the allegations.
7. If the subject of the complaint is the Head of School, the person receiving the complaint will pass on the report to the Chairperson of the School Board, who will appoint an independent person to investigate the complaint.
8. The person receiving the complaint should explain to the complainant that the information supplied will be:-

- confidential; and
- victimisation of the complainant will not be tolerated.

THE ROLE OF THE HEAD OF SCHOOL/INDEPENDENT PERSON REGARDING A COMPLAINT AGAINST A STAFF MEMBER OR VOLUNTEER

1. On receipt of the report, the Head of School will determine whether:-

- there is sufficient evidence to justify an investigation of the allegation;
- the allegation is serious or trivial and whether the matter should be taken up with the person complained about or no further action pursued.

If the matter is considered to be serious and is to be taken up with the person complained about, the Head of School will arrange a meeting with the person complained about as soon as possible, and no more than 24 hours after receiving the report.

2. The Head of School will support the complainant by:-

- offering to arrange counselling
- treating him/her with respect and dignity
- being sensitive to the student's needs, feelings and concerns
- maintaining confidentiality

3. The Head of School will contact the student's parents and make them aware of the allegations against the person complained about, and explain how the Head of School intends to proceed. The Head of School will assure the parents that:-

- an investigation of the allegations will begin immediately
- the investigation will be completed within seven days
- the parents will be fully informed of the results of the investigation
- the police will be informed if the Head of School finds there is substance to the allegations

4. The Head of School will meet with the person who is the subject of the complaint. Before the meeting, the person complained against will be advised that:-

- the topic of the meeting relates to an allegation of misconduct by the person towards a student/s
- the person complained against is entitled to be accompanied at the meeting by a union representative or solicitor
- the right to confidentiality of the person complained against will be maintained
- supportive counselling will be available if required

5. At the meeting, the Head of School will have an appropriate witness as an observer and note taker, with the proceedings also fully recorded on audio tape.

6. The person complained against will be given the opportunity to respond to the allegations, to offer an explanation, or to raise any other matter considered relevant.
7. If, in the interests of the safety and welfare of students, the Head of School decides that it is appropriate for the person complained about to take leave from duties while a full investigation is conducted, then:-
  - if the person complained about is a paid employee, the leave will be on full pay; and
  - the Head of School will advise the person complained about of the reasons why the suspension from duties has been decided.
8. A full and proper investigation of the allegations will be carried out and may include:-
  - interviewing other persons who may have knowledge of the alleged inappropriate behaviour
  - assessing any relevant documentation
  - assessing any further information available that can be obtained without unreasonable effort or delay
9. A further meeting of the parties will be made following the investigation of the complaint. At this time, the Head of School will advise the person complained against whether it is believed that there is substance to the allegations and if serious misconduct is suspected, outline the steps to be taken.
10. Where there appears to be substance to the allegation, the policy of Sunshine Coast Grammar School is to:-
  - report the matter to the police for further investigation
  - dismiss the person complained about, if that person is a paid employee or volunteer and if the allegations are proved
  - contact the parents of the complainant to explain the steps that have been taken;
  - offer ongoing support and counselling to the complainant.
11. Termination of the employment of a paid employee will be in writing, without notice and salary payments will be made up to the date of termination. Annual leave, leave loading and long service leave entitlements will be paid.
12. The Teacher's Registration Board and the appropriate union will be notified.

POLICY REGARDING REPORTS OF THE NEGLECT OF STUDENTS, OR OTHER HARM SUFFERED OUTSIDE THE SCHOOL

If the school is made aware of students at risk of harm, as a result of inappropriate behaviour outside the school, including inappropriate behaviour in the family setting, the Head of School may initially take the matter up with the parents, but if such consultation is unsuccessful in achieving protection of the student from harm, or if the allegations appear to involve serious misconduct, the Head of School will inform the Juvenile Aid Bureau of the Queensland Police

Force, under the provisions of the Child Protection Act 1999, with particular reference to ss. 4, 5, 14, 15 and 22 of that Act.

**POLICY REGARDING HARM TO STUDENTS SUFFERED AS A RESULT OF BULLYING**

The Sunshine Coast Grammar School has developed a bullying protocol designed to eradicate this type of unacceptable behaviour. The attention of all parents, students, employed staff and volunteers is directed to this protocol for the school's policy and procedures in combating this type of harmful unacceptable behaviour.

**POLICY REGARDING HARM TO STUDENTS OCCASIONED BY OCCUPATIONAL HEALTH AND SAFETY ISSUES**

The Sunshine Coast Grammar School acknowledges that it is an "employer" and the school is a "workplace" under the Workplace Health and Safety Act 1995. The attention of all parents, students, employed staff and volunteers is directed to the school's protocols under its occupational health and safety obligations aimed at preventing harm to students and staff.

(In the interim, since the assessors' report, the school has been relying on, implementing, and promulgating the Queensland Department of Education policy and protocols for Child Protection - HS17).

- 2.2. **Failure of the school's written processes to provide for effective communication to staff and students of the school's child protection policy.**

**AND**

- 2.3. **Lack of accessibility of the school's written processes on the child protection policy to staff and students.**

The school's response to these two Compliance Notice issues is to assure the Accreditation Board that more effective and more comprehensive communication of the school's child protection policy, bullying protocol and workplace health and safety protocols will be achieved by the following initiatives, designed to ensure wide dissemination and easy accessibility:-

- The policies and protocols will be disseminated to students and parents of the school via newsletter, student handbook and school website.

- The policies and protocols will be disseminated to paid employees and volunteers as a standard topic for recapitulation on the first staff professional development day each year and to all new staff at time of appointment. The policies and protocols will also be included in the staff manual.

- Comment and input will be sought from staff, senior students, Parent Club and FROGS Groups.
- Senior students will be briefed orally and in writing on their rights and responsibilities. Younger students will be appropriately briefed orally and in writing through their parents.

- All relevant policies and protocols will be provided to all staff in hard copy and also via the shared electronic files. Copies will also be kept in the foyer of the school administration building for perusal by parents.

Action to implement these initiatives has commenced. Set out below is the text of a letter received by the directors from the Co-principals in this regard:-

"3 November 2003

Dear Malcolm

We are writing to confirm that more comprehensive communication of the School's Child Protection Policy, bullying protocol and Workplace Health and Safety protocols is being undertaken.

The Policy and Protocols will be disseminated to students and parents of the school via the Newsletter and school website by Friday 14 November. Arrangements are also being made for inclusion in the 2004 Student Handbook.

The Policy and Protocols will be distributed to staff by Friday 7 November. They will also form part of discussions for the staff development days commencing 22 January 2004. In addition they will form part of the Staff Handbook for the 2004 school year.

Comment and input is also being sought from staff, senior students, Parent Club and F.R.O.G.S. group. The Policy and Protocols will be tabled at the next Parent club meeting on Wednesday 26 November.

Parents of younger children will be requested to brief their children on their rights and responsibilities in relation to the Policy and Protocols.

Senior students will be briefed by the Principal and School Counsellor and written copies of the Policy and Protocols provided.

Staff will receive a hard copy of the Policy and Protocols by Friday 7 November. The Policy and Protocols will also be posted on the shared electronic file of the school's intranet. Copies of the Policy and Protocols will be kept in the foyer of the Administration building for perusal by parents.

Yours sincerely



Stuart Marquardt  
Co-Principal



Coral-Anne Reason  
Co-Principal"

### 3. RESPONSE TO S.14 COMPLIANCE NOTICE (IMPROVEMENT STRATEGIES)

- 3.1. Inadequacy of the deciding strategies for improvement processes and the setting of priorities for achieving the strategies.
- 3.2. Inadequacy of the improvement processes in the method of achievement of the strategies.
- 3.3. Inadequacy of the improvement processes in the regular monitoring of achievement of the strategies.
- 3.4. Inadequacy of annual reporting to staff, students and parents on the achievement of the strategies.

**The improvement processes, strategies, evaluation and communication methodologies described hereunder are posited on a number of fundamental changes in the school's previously existing management and governance, viz, a change in ownership of the school; the appointment of a new chief executive officer; and the constitution of a new and differently structured governing body, all of which are described below at sections 5 to 9 of the Response.**

#### 3.1 Deciding Strategies for Improvement Processes

The process of deciding strategies for improvement processes will be made more adequate and effective by setting the decision process into a predictable, ordered and logically structured sequential organisational matrix, as shown diagrammatically below.

#### IMPROVEMENT PROCESSES

This is an area that will need significant development within the school. The strategic planning process and the monitoring of achievement are usually led by the Chief Executive Officer of a school organisation. These processes are yet to be formally developed at SCGS. It is essential that they now be given a high priority.

Year-based strategic planning will be developed for SCGS and will occur under the direction of the Head of School, and within the context of longer-term plans.

The process will include wide-ranging consultation with key groups including staff, parents, students and the wider school community. The areas of strategic planning will include:-

- School vision statement
- School mission statement
- Aims, goals and objectives for the school
- Shared values
- Outcomes
- Ownership
- Governance
- Management and operation
- Organisation flow chart development
- Strategies for implementation

- Self-renewal program
- Accountability

Specific focus areas of the Strategic Plan include:-

- school renewal
- curriculum frameworks
- life-long learning outcomes
- grounds and maintenance, including traffic management and buildings
- financial management
- building programs
- professional development
- the school as a learning organisation
- human resources
- capacity building
- pastoral care
- teaching and learning/pedagogy
- phases of schooling
- P&F Association.

Strategies will need to be developed for each area with annual implementation and monitoring of the strategies. Annual operational plans will be linked to the school budget. Annual reporting of achievements will take place both orally and in writing to staff, students and parents.

A written report of school achievements will be provided to each school family. This will include a financial statement that indicates the financial viability of the school.

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## The School's Vision Statement and the School's Mission Statement

### "Key Strategic Pillars"

Sunshine Coast Grammar School is a school that:-

- (a) recognises that community partnerships are central to maximising the processes of teaching and learning;
- (b) aims to maximise the personal potential and unique contribution of each person;
- (c) bases its resource allocation and financial management on principles of ethics and equity;
- (d) further "strategic pillars" will be progressively added through consultation and ongoing planning and evaluation, after the sale of the school, the appointment of a new CEO and the installation of a new and expanded governing council

## UNDERPINNING PHILOSOPHIES

### Shared Values

The SCGS values:-

- a caring and supportive environment
- a quality education
- the uniqueness of the individual
- a strong partnership between school, family and community

### The School's Aims

The SCGS seeks to provide,

- an appropriately balanced range of teaching strategies so as to develop both personal self-discipline and a strong sense of team awareness
- an educational environment that stresses co-operation rather than competition, fostering development of each learner's gifts, skills and abilities
- education for the whole child, equipping the student for life-long learning
- learning situations for the development of ethical standards and values
- for the development of the student's creative and critical abilities

### A Student Focus

The SCGS seeks the following outcomes for its students:-

- an understanding of, and commitment to democratic principles
- the confidence to succeed in life and the ability to serve and lead
- realised potential, pride in achievement and development of a commitment to life-long learning
- a sense of responsibility and concern for others, within the school and the community at large

In each of the three central fundamental "underpinning philosophies" above, ongoing consultation among all members of the school community together with progressive evaluation, will lead to the strengthening of decision-making processes for selecting, prioritising, achievement, communication and evaluation of improvement strategies. These processes will gather strength and speed following the induction of a new CEO, for whom these matters will have immediate importance.

### KEY AREAS

|                                              |                                   |                                                |                      |                                |
|----------------------------------------------|-----------------------------------|------------------------------------------------|----------------------|--------------------------------|
| <b>1. Educational Programs and Resources</b> | <b>2. Community Relationships</b> | <b>3. Staff, Management and Administration</b> | <b>4. Facilities</b> | <b>5. Financial Management</b> |
|----------------------------------------------|-----------------------------------|------------------------------------------------|----------------------|--------------------------------|

Other key areas for improvement strategies may eventually be developed, but the five mentioned above are the most obviously important at the present stage of the school's development.

### "STRATEGIC OBJECTIVES" FOR THE KEY AREAS

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | The school will meet all curriculum requirements of relevant regulatory bodies in providing a challenging education that caters for individual student differences, and for the needs of all students, academically, emotionally, spiritually and physically. The school will utilise the latest pedagogy and educational technology, meeting the aspirations and needs of all its students including the disabled and the highly gifted.        |
| 2. | The school will seek to build strong relationships of three interacting and co-dependent kinds – internally among staff and students, with parents of students, and with the wider community.                                                                                                                                                                                                                                                    |
| 3. | The school will recruit competent, well-trained, highly committed personnel for employment in all aspects of the school's operation, who believe in and can work as members of a unified team to fulfil the school's mission. In addition, the school will enhance the partnerships between all of its sectors and encourage commitment to ongoing professional development and training, so that all staff can strive to reach their potential. |
| 4. | The school will acquire, develop, utilise and maintain facilities which will optimise the development of its students and enhance educational effectiveness.                                                                                                                                                                                                                                                                                     |
| 5. | The school will apply the principles of sound stewardship by initiating, developing and maintaining practices and financial management systems, which contribute to the delivery of a quality education.                                                                                                                                                                                                                                         |

### 3.1.1 **Setting priorities for achieving the strategies for the improvement processes**

Subset lists of specific "key programs" designed to progressively move towards the gradual achievement of the strategic objectives for the designated key areas will be developed by the school board, with input from its own committees, the Chief Executive Officer, the school executive, student council and parents. These key programs will be developed initially on a general educational and philosophical basis, with sequential one, two, five and ten year target action deadlines. Annual implementation, monitoring and reporting of progress in the key programs will be carried out.

The items within the lists of key programs will be prioritised for each time plan, according to the following criteria:-

- (a) existing situation;
- (b) urgency;
- (c) resources needed (finance, personnel, buildings, plant and equipment).

### 3.2 **Method of Achievement**

Progress towards the achievement and implementation of the strategies for improvement processes will move conjointly with the allocation of priorities in the lists of time-related action scripts already described in 3.1.1. above.

Methodology of achievement may be broadly summarised as follows:-

- Establishment of target completion dates and annual "stagings" for each of the specific key programs;
- Prior evaluation of planned dates and staged objectives;
- Prioritisation of plans and staged objectives, with review of "variables" and possible unanticipated factors;
- Establishment of budget position and staged financial allocations;
- Appointing personnel and leadership for implementation;
- Designing and implementing communication processes;
- Designing and implementing reporting processes;
- Planning and implementation of formative evaluation and ongoing review;
- Planning and implementation of summative evaluation, at end of each time stage;
- Modification of each key program and reprioritisation where necessary.

### 3.3 **Monitoring of Achievement**

This process has already been discussed under the heading of "methodology" at 3.2 above. Monitoring will involve ongoing evaluation and review at various time stages of each key program; reprioritisation where necessary in the light of the latest position with regard to need, urgency and resources; and a final evaluation by all stakeholders of the extent of improvement, both annually and at each of the deadline target dates.

### 3.4 **Reporting**

Reporting of the improvement processes, and the prioritisation and achievement of the strategic objectives and the key programs in the five key areas will be carried out on two tiers, informally and formally.

Informally, communication of the processes will be through addresses to staff, community and parent groups by the Chief Executive Officer, by other members of the school executive and by representatives of the governing board. There will be similar opportunities for informal reporting of a general public relations type, at various school functions, including regular monthly breakfasts for parents, hosted by the Chief Executive Officer.

Formal reporting will be through a variety of media, as follows:-

- parent newsletters
- annual yearbooks and magazines
- staff manual updates and amendments
- staff meetings
- student council meetings
- parent group meetings
- website updates
- the school's strategic plan
- the principal's annual report to the community in a speech day / night assembly
- the school annual report

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#### 4. RESPONSE TO THE SHOW CAUSE NOTICE (FIVE INTERRELATED ISSUES)

##### SUMMARY FRAME OF REFERENCE FOR THE SHOW CAUSE RESPONSE

###### (a) The Central Underlying Factor Directly Founding Many of the Criticisms

The Show Cause Notice has five separate, but nevertheless highly interrelated aspects, viz. Financial Viability, Staffing, Land and Buildings, Educational Facilities and Materials, and the Suitability of the School's Governing Body.

Throughout the Report on which the NSSAB relied, there is one recurrent theme pervading many of the criticisms, viz the ownership of the school and the consequent operation and governing structure.

###### (b) The Satisfaction of the Show Cause Grounds

The satisfactory resolution of the Show Cause grounds, with the necessary accompanying amelioration of the school's financial and administrative operation, logically requires, as its first step, the sale of the school and the appointment of a new Chief Executive Officer.

(As the NSSAB's assessors say in their letter of 18 August 2003:-

- 1.1 "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."

and at

- 1.4 "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."

**The NSSAB may be assured that the perceived necessity for the removal of s47(3)(b) from all and any capacities associated with the school is a process that has already begun and is presently proceeding. The appointment of a new Chief Executive Officer is presently pending.**

**Following the successful achievement of these two fundamental requirements for change, and flowing from those changes necessarily and logically, will be:-**

- (a) a change in the present ownership structure.(b) the removal of s47(3)(b) from his position as permanent Governing Director (this step is already achieved, as s47(3)(b) was forced under the provisions of the Accreditation Act to resign his role, following his deregistration, his unsuccessful appeal and his lack of the required blue card from the Children's and Young People's Commission);**
- (c) the establishment of a newly appointed and differently constituted governing council, following the resignation of the four existing directors (Messrs McColm, Johnston, Brewer and Beebe) as soon as they are able to hand over the responsibilities to the new appointees.**

#### **Time Limits**

**Present progress towards the accomplishment of the intended changes, together with anticipated developments already set in train, is described below. Given the two month deadline required by the Board for the Show Cause responses, it obviously may not be possible to finally achieve all the contemplated changes by 7 November 2003.**

**The Board is asked to accept these responses as:-**

- (a) a positive attempt to co-operate fully;**
- (b) a statement of intended changes;**
- (c) a "work in progress".**

**It is respectfully submitted that cancellation of accreditation would prevent the processes of intended change from taking effect and would adversely impact on the student and staff at the School**

**Set out in the pages which follow is a detailed discussion for the Board's consideration, of intended changes already initiated. The change of ownership of the School has been set in train, with the School having been placed on the market, buyers being actively sought and negotiations proceeding. Others, like the appointment of a new Chief Executive Officer, are presently being pursued, with outcomes imminent.**

### **The Five Show Cause Areas**

Each one is addressed below, seriatim, with a full description of relevant background factors (some of which were overlooked or not fully comprehended in the assessors' report); a discussion of the current status of the progressive implementation of the intended change; and a consideration of necessary future actions.

#### **4.1. The Appointment of a New Chief Executive Officer**

As the Assessors' letter says:-

"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."

The principal of secondary, Mrs Coral Anne Reason ("Reason") and the principal of the junior school, Mr Stuart Marquardt ("Marquardt"), were appointed at the commencement of 2003 as co-principals of the school.

The board acted in this manner because:-

- A new permanent Head of School could not be appointed due to [s47(3)(b)] legal rights pending the outcome of his District Court Appeal; and
- The timing for such an appointment rendered the process inappropriate and improbable in any event at the commencement of a school year.

In the appointment of the co-principals, the school board sought to diminish the adverse effect created by the sudden and unexpected loss of the SCGS Head of School at the end of 2002, until a new permanent Head of School could be appointed.

Further, the school board recognised the loss of educational expertise at board meetings and therefore arranged for the co-principals Reason and Marquardt to attend, participate in and provide input during all monthly board meetings in 2003.

As noted by the assessors in their letter, such action did not adequately address the management vacuum created by the departure of [s47(3)(b)]

The school board had become aware of the above facts and immediately that they had the opportunity to act to rectify this situation, they did so. Within days of the District Court Appeal decision becoming known, the directors decided upon initiatives, inter alia, to appoint a new Head of School for 2004. This decision was broadcast to the school community on 24 July 2003 many weeks before the subject Show Cause and Compliance notices were received by the school.

The school board promptly arranged for advertisements for the position of "Head of School" to be published during the month of August 2003 in the Australian and Courier Mail newspapers. The position was also promoted and advertised elsewhere. Applications for that position closed on 5 September 2003. Over fifty applications were received and the process of selection began soon thereafter. The independent selection panel consisted of Dr Murray Evans, Robyn Collins and Robin Kleinschmidt. Applications were reviewed and personal interviews called for. It was the aim of the selection panel to complete their task in October, with two or more prioritised recommendations for appointment to be provided to the Board of Directors.

The NSSAB may presumably have faith in the validity and appropriateness of the panel's recommendations, given that Dr Murray Evans was one of the Board's assessors on whom the Board earlier relied, for its report founding the Show Cause and Compliance Notices.

It is respectfully submitted that Dr Evans may be relied on by the Board to recommend a new Chief Executive Officer who can most capably remediate the concerns perceived and reported by Dr Evans himself.

The selection panel completed the process and presented their recommendations to the board of directors on 27 October 2003.

Negotiations are presently occurring with the preferred candidate recommended by the selection panel. It is anticipated that an announcement regarding the appointment of a new Head of School for 2004 shall be made before mid December 2003. This shall be notified to NSSAB at that time.

#### 4.2. **The Role Prescriptions of the New Chief Executive Officer**

In fulfilling the "management vacuum" and lack of specific educational expertise noted by the Board's assessors, the following role expectations and job descriptions will apply:-

##### 4.2.1 **General Role Expectations for an Independent School CEO**

- Is directly responsible to the Governing Board, for the management, discipline and achievements of the school;
- Is responsible for the overall supervision of all school activities;
- Is required to assist the Governing Board with policy recommendations and formulation;
- Participates constructively with colleagues;
- Gives oversight to all budgeting;
- Is responsible for the appointment, deployment and direction of all staff;
- Provides oversight of all curriculum, student enrolments and assessment of student performance;

- Is active in promoting marketing, fundraising and alumni processes of the school;
- Is an educational leader;
- Is an accomplished administrator, delegator and motivator;
- Is creative and flexible;
- Is accepting of the aims, ethos and traditions of the school;
- Is a competent communicator in writing, speech and electronic media;
- Is well-read and up-to-date with educational developments locally and internationally;
- Is a professional who relates to the needs of children of all ages.

Although these job specifications were not expressly part of the advertisement or follow-up information provided to applicants, it is assumed that Dr Evans and the other selectors will have kept them in mind during interviews, since they are virtually standard requirements for success in the position of any CEO of an independent school.

#### 4.2.2

#### Further Specific CEO Position Duties Particularly Applicable to the SCGS Appointment

The new Head of School will be the key to achieving the desired regeneration of the school, to re-establishing its reputation, to rebuilding its community support, to increasing its student base and to achieving its long term financial viability. To do these things, he or she will need to have, in high degree, the qualities of entrepreneur and public relations expert, undertaking wide and frequent "show the flag" communications and "selling" the school's achievements to a wider potential client pool. In order to assist the school's resurgence, the new Head of School, (for whose assistance there must also be suitable and compatible highly motivated entrepreneur leaders in the persons of the new Chairman of the Board of Governors and the Business and Finance Officer), will need to constantly extol his or her vision of greatness for the school. He or she will need to relentlessly accentuate the positive and inform the wider community of the school's quite remarkable academic, cultural and sporting successes. He or she will need to be a "money magnet", whose enthusiasm is caught by benefactors. He or she will need to promote unique "niche" or "lighthouse" offerings of the school, which will give it a competitive edge over other schools in attracting enrolments, for example, robotics, Edward de Bono thinking, instrumental music, marine biology, catering for the learning of boys, education of the gifted and talented, computer assisted learning.

He or she will need to provide leadership in expanding the school's income base, by increasing enrolments and expanding associated services including school after care programs.

He or she will explore ways of increasing the school's international student income, by exploring the use of the representative and agency capabilities of the AISQ and educational institutions in Queensland.

In short, for the needs of this school at this particular point in time, the new appointee to the role of principal will have to be an astute, visionary yet practical, entrepreneurial business person, who can regain the faith of both the community generally and financial institutions specifically. He or she will need to make constant public appearances, by radio, by newspaper article and by countless free speeches to countless clubs and organisations in the public arena.

He or she will make skilful use of commercial advertising, both to promote the school and also to earn income for the school.

## 5. RESPONSE TO S.5 SHOW CAUSE NOTICE (FINANCIAL VIABILITY)

Prima facie, there would appear to be three basic and interrelated ways in which to solve the school's financial viability problems. These are:-

- (i) renegotiated loan and interest arrangements;
- (ii) increased student numbers;
- (iii) increased school fees.

Each of these issues will be addressed below:-

### 5.1. The "s47(3)(b) Factor"

Underlying the financial viability problem and the issues of student numbers and school fees is a matter of perception by staff, students and community, relating to the past and ongoing influence of the school's founder and owner, s47(3)(b). The NSSAB Report (and more particularly the accompanying assessors' letter at Section 1 "Corporate Structure and Financial Viability"), suggests a close causal relationship between the school's present position and perceptions of s47(3)(b) continuing involvement with the organisation.

As is shown below, those perceptions are false and without foundation.

The Board is advised that action has already been taken to sever the school – s47(3)(b) connections. Given the short duration of the time between the Show Cause Notice and the Response deadline (two months) it will not be possible to announce a final resolution of this issue by 7 November, but the Board may be assured that everything is being done in the interim, to facilitate the desired changes.

Set out below is a summary of currently proceeding developments:-

1. The [s47(3)(b)] family has agreed to transfer their ownership of the school as soon as a suitable and appropriate alternative operator can be found. (At the present time, [s47(3)(b)] are the sole shareholders in Sunshine Coast Grammar Pty Ltd, being the operator of the school and the company which owns the land, buildings and other assets).
2. [s47(3)(b)] has instructed a firm of Brisbane accountants, William Buck (formerly Hall Chadwick) who deal with many educational institutions in Queensland, and elsewhere, to manage the change of ownership of the school.

The following is an extract of the terms of engagement accepted by William Buck and [s47(3)(b)] -

"1. 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.

2. 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 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 |

"END OF QUOTE"

Set out below is the timetable for achieving the change of ownership of the school:-

## Sale of Sunshine Coast Grammar School

## Project Timetable

| TASK                                             | October                                      |                                               |                                                     |                                                    |                                                  |                                            |                                                     | November                                            |                                                    |                                            |                                                    |                                                      |                                                        |  | December |  |  |  |  |  |  |
|--------------------------------------------------|----------------------------------------------|-----------------------------------------------|-----------------------------------------------------|----------------------------------------------------|--------------------------------------------------|--------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|--------------------------------------------|----------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|--|----------|--|--|--|--|--|--|
|                                                  | Week One<br>M T W T F S S<br>29 30 1 2 3 4 5 | Week Two<br>M T W T F S S<br>6 7 8 9 10 11 12 | Week Three<br>M T W T F S S<br>13 14 15 16 17 18 19 | Week Four<br>M T W T F S S<br>20 21 22 23 24 25 26 | Week Five<br>M T W T F S S<br>27 28 29 30 31 1 2 | Week Six<br>M T W T F S S<br>3 4 5 6 7 8 9 | Week Seven<br>M T W T F S S<br>10 11 12 13 14 15 16 | Week Eight<br>M T W T F S S<br>17 18 19 20 21 22 23 | Week Nine<br>M T W T F S S<br>24 25 26 27 28 29 30 | Week Ten<br>M T W T F S S<br>1 2 3 4 5 6 7 | Week Eleven<br>M T W T F S S<br>8 9 10 11 12 13 14 | Week Twelve<br>M T W T F S S<br>15 16 17 18 19 20 21 | Week Thirteen<br>M T W T F S S<br>22 23 24 25 26 27 28 |  |          |  |  |  |  |  |  |
| 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                           |                                              |                                               |                                                     |                                                    |                                                  |                                            |                                                     |                                                     |                                                    |                                            |                                                    |                                                      |                                                        |  |          |  |  |  |  |  |  |

The NSSAB may presumably have faith in the capacity of William Buck to be able to carry out the change of ownership process, given that a partner of that firm is Mr Don Langdon who was one of the board's assessors on whom the board earlier relied, for its report founding the Show Cause and Compliance notices.

As at 6 November 2003, some 30 expressions of interest have been received by William Buck. This includes 8 enquiries from top tier independent/private schools in Queensland and the Eastern States of Australia.

There exist cogent reasons to believe that a change of ownership of Sunshine Coast Grammar School shall occur within the William Buck timeframe, namely by 1 January 2004.

3. An internal group of parents has been formed out of the two existing school – parent – community organisations (FROGS and the Parent Club) and has been actively working towards establishing an organisation that would be considered by both the [s47(3)(b)] family and the present loan-providing bank as a suitable future operator of the school. The group has engaged specialist consultants and has already made approaches to both the Queensland Government and the Commonwealth Bank. Detailed planning has already been completed, as shown by the Minutes of the Parent Club meeting on 10 September 2003, and the establishment of the "SCGS Acquisition Steering Committee". That group have been encouraged by the school board to participate in the William Buck process detailed above.
4. [s47(3)(b)] former executive secretary was stood down from her position on full entitlements pending the outcome of an harassment and discrimination claim by [s47(3)(b)] against [s47(3)(b)]. The school is proceeding with negotiations that would achieve a mutually agreed termination and redundancy package, subject to [s47(3)(b)] [s47(3)(b)] consent and agreement.

## 5.2. Some corrections and clarifications regarding the [s47(3)(b)] situation

Because the Board's report involved only a very short period of time (3 days) and also because it concedes having relied extensively on "impressions" (which the assessors had insufficient time or opportunity to cross-check), it is important that the record be now set straight by recording here a number of responses to incorrect or incompletely researched assertions made by the Board's assessors in their report and accompanying letter. For the purpose of convenience, system and logical argument, the relevant assessors' comments are presented below, each followed by a response by way of clarification and correction.

### 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 board, [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."

### **Response**

***The "skills" of [s47(3)(b)] were replaced early in 2003 by the inclusion of the two appointed co-principals in board meetings. They contributed to board meetings on education matters by way of their regular report as well as general participation in board deliberations. Following the departure of [s47(3)(b)] the board had two education specialists at its meetings rather than one. To say that the skills "were not replaced" is incorrect and discounts the abilities of the two co-principals. The current directors did not have any "dilemma" regarding [s47(3)(b)] ownership.***

***The directors advised [s47(3)(b)] very early that the board would not accept interference, on threat of resignation. [s47(3)(b)] did not influence the board. He was most displeased with several changes proposed and implemented by the board, including changes to his remuneration. If he had "controlled" the board, these changes would not have occurred.***

***It is completely incorrect to say that the board "must maintain contact with [s47(3)(b)] regarding educational matters." It is not known from where the assessors would derive such false information. There was no instance in 2003 where the board requested educational guidance from [s47(3)(b)].***

***Prior to the rejection of his appeal, the board's contact with [s47(3)(b)] on ownership issues was, perforce, minimal. That appeal was only decided after the assessors visited the school. Since the appeal was rejected and since [s47(3)(b)] has been legally required to step down, the board has had to pursue "ownership matters" with [s47(3)(b)] as part of their duty to the school, and as part of their obligations to respond to accreditation show causes.***

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."

### **Response**

***It is noted that throughout their report, the assessors give much credence to "perceptions" and "impressions" that have no factual foundation.***

***While the role of assessors may include, inter alia, the reporting of perceptions right or wrong, on the basis that perceptions, right or wrong, can influence behaviour, it must be said with respect, that the assessment is incomplete. No substance was given to support the***

REPLY

***impressions of individuals, nor any acknowledgement made of the possibility of other agendas held by individual reports. The directors stated categorically to the assessors that [s47(3)(b)] was not "wielding control" nor "managing the school", but this response was not alluded to by the assessors in their report. It seems clear that the assessors heard conflicting answers on the same questions. Throughout the report the assessors have repeated the position asserted by a sample of staff, but have unfairly and inadequately reported the board's views, thereby occasioning some imbalance and invalidity in their conclusions.***

- "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."

**Response**

***Although the board had ceased salary payments to [s47(3)(b)] and he did not receive financial benefit from the school to which he would have been entitled during this time, persons within the school administration chose to unlawfully release confidential financial information and in so doing to spread false rumours and perceptions as referred to in the assessors' extract above.***

***The board of directors advised the co-principals that the school had not paid any legal fees of [s47(3)(b)]. The co-principals have full access to the financial records of the school as well as to the Finance Manager. Therefore, they could easily have ascertained that no payments had been made to the [s47(3)(b)] family for legal fees. However, the directors found themselves having to continue to refute this incorrect allegation perpetrated by the Co-principals to staff and parents.***

***The co-principals could easily have cleared this entire issue if they had chosen to, and should not have continued to make false statements.***

***At least until the appeal decision was decided, [s47(3)(b)] had a legal entitlement to receive his normal remuneration (c.f. Di Fingleton and others). The board chose to change this, to the displeasure of [s47(3)(b)].***

***With respect, the comments by the assessors here are simplistic; ignore legal realities and rely once again in an unbalanced and unfair way, on unilateral and incorrect impressions.***

- "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)"

**Response**

***It was considered that s47(3)(b) had entitlements to the following:-***

|                                                    |                               |
|----------------------------------------------------|-------------------------------|
| <b><i>Unpaid remuneration from prior years</i></b> | <b><i>\$38,000</i></b>        |
| <b><i>Notice and severance entitlements</i></b>    | <b><i>\$22,000</i></b>        |
| <b><i>Loan monies not yet paid</i></b>             | <b><i>\$ 8,000</i></b>        |
| <b><i>Total</i></b>                                | <b><i><u>\$68,000</u></i></b> |

***In addition to the above, s47(3)(b) was entitled to but not in receipt of his remuneration up to the date of determination of his appeal by the District Court in July 2003.***

***At the beginning of 2003, the employment of s47(3)(b) had not been terminated. He had stood down from the position of Head of School. Therefore, he was not entitled to the income tax concession which would apply should he eventually be terminated. For this reason, it was considered inappropriate to pay the above entitlements to s47(3)(b) until termination did occur.***

***Therefore, it was necessary to consider the alternatives, because s47(3)(b) had a clear legal entitlement to at least receive the unpaid remuneration as well as repayment of the loan funds. In the absence of crystallising the tax liability (which could not be reversed if s47(3)(b) was successful in his appeal and repaid the funds to the school), the options were a loan to s47(3)(b) or alternatively a loan to s47(3)(b). A loan to s47(3)(b) was rejected as an option because of a concern regarding the constitution, which prohibits any distribution to members in any form. There was a concern that because s47(3)(b) was not currently performing employment services, the loan could be potentially considered as a distribution to a member in breach of the constitution, as well as concerns about income tax requirements in relation to income tax exempt charities. For this reason, the loan was made to s47(3)(b) who clearly was in an employment position, and with the loan subject to the normal fringe benefits tax rules.***

***With respect, it is unfortunate that the assessors did not report these underlying reasons for the loan to which they referred. The loan arrangements were in writing and the assessors should have noted also that the loan was made at the applicable FBT interest rate of 6.05%.***

***These issues were explained to the Assessors and are fundamental accounting and taxation issues which should have been apparent to (at least) Mr Langdon.***

***As referred to in the immediately preceding response, confidential financial information relating to the loans were unlawfully disclosed by school employees who, in so doing, incorrectly asserted that there***

***was no conscionable justification for the loan. It would appear that the assessors have relied upon statements made to them by those persons and have again chosen to ignore relevant facts and statements supplied to them in the presentation of their report.***

**"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)] [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, 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)] 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."

**Response**

***There are a number of aspects to the [s47(3)(b)] decision, which are not addressed by the assessors. Following the Board of Teacher Registration decision, the three principals assumed responsibility for many operating functions. Friction arose from this situation, and Marquardt specifically lobbied the Board of Directors, seeking a change in arrangements, alleging that [s47(3)(b)] was not contributing equally to the effort and was not supporting executive decisions outside of the executive meetings. For example, it was alleged that the three principals would meet and would agree certain matters, only to find, following the meeting, that Maguire was telling staff he did not support the decision. Marquardt found this frustrating and believed it was undermining the effectiveness of the executive.***

***The board needed to make a decision regarding the Head of School for 2003 in late 2002, where the stood-down Head of School was appealing the decision of the Board of Teacher Registration. Therefore, there were limitations on the board in regard to available choices. It was too late to seek to appoint an external person as Head of School. The only option was to make***

*an internal appointment. However, none of the three principals had the ability and skills to be given the role. The strongest contender was Marquardt, but he was only a junior school principal, with his past experience and involvement directed only at the youngest students at the school. It was considered that the staff, students and parents of the secondary school would have been unhappy to have the entire school controlled by a junior school specialist. [s47(3)(b)] had been a principal for a number of years, but was discounted because in the view of the board he lacked decisiveness and skills in administration.*

*Additionally, [s47(3)(b)] had been unable to perform his duties as Principal of the Primary School for a substantial period in 2002 due to stress related leave. Also, the issues of [s47(3)(b)] administrative deficiencies had been raised at a board level in that year on more than one occasion. While the school at that time had the legal right to terminate [s47(3)(b)] and some directors counselled in favour of this occurring, [s47(3)(b)] protected [s47(3)(b)] and continued his employment. For the above reasons, [s47(3)(b)] could not be seen by the board as a viable option for Head of School.*

*The decision of the board was that no one principal was then presently ready to be appointed as Head of School and therefore it was decided instead to appoint Marquardt and Reason as co-principals for 2003, with the possibility of Marquardt eventually being considered as sole Head of School in 2004, if he was able to establish sufficient credibility across the entire school in the meantime and the [s47(3)(b)] appeal was lost.*

*The board acknowledged the problems associated with co-leaders and wished to limit the arrangement to just two persons. The school could not operate under three co-leaders and for a variety of cogent reasons relating to the uncertain future of the school in 2003, a restructure of the school from three sections into two (secondary and junior schools) was determined, with the Principals of each becoming the Co-principals of the school for 2003. As a result, there was no position for [s47(3)(b)]*

*The allegation that [s47(3)(b)] was terminated because of his claimed refusal to support [s47(3)(b)] is not only false but totally contrary to the true facts. Had it not been for the support of [s47(3)(b)] [s47(3)(b)] would have lost his job early in 2002 well before the BTR review was announced.*

#### 5.2.1 The Matter of Natural Justice

The fact that the assessors met with a former employee, [s47(3)(b)] and relied on his version of events without putting his allegations to the board for their response before compiling their report, might, with respect, be regarded as a breach of natural justice.

It is noted that the presentation of unilateral and virtually unchecked "impressions" has figured prominently in the report and its accompanying letter. The opportunity to respond belatedly, afforded by the Show Cause

Notice is acknowledged and the Non-State Schools Accreditation Board is respectfully enjoined to now consider the full circumstances pertaining to various matters where the report and letter may not have adequately enough, or fairly enough, canvassed the issues. In summary, the present opportunity to respond is only given in association with an intimated withdrawal of accreditation, pre-determined largely on the basis of the assessors' unilateral versions of various events. With respect, this has the potential to be seen as lacking in procedural fairness.

- "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)

### **Response**

s47(3)(b) ***was appointed by the board to the position of Manager-Administration. This was a serious appointment and involved a substantial increase in her hours and responsibilities. The purposes of the appointment were:-***

- (a) ***to be a cheque signatory and therefore controller of expenditure, in a situation where the co-principals were not experienced and did not have the necessary commercial understanding of the responsibility, and did not have the exposure to liabilities of the directors. As a shareholder, s47(3)(b) shared the directors' exposure and was therefore expected to be suitably vigilant.***

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***despite the assessors comments, s47(3)(b) is strong on systems and procedures. A number of instances in late 2002 and early 2003 indicated clearly that the systems and procedures implemented in the school's early years were then inadequate and their upgrading and modification required a level of thorough and dedicated consideration which the board considered s47(3)(b) could supply;***

- (c) ***the board also noted that s47(3)(b) had always been underpaid for her work efforts in the school, in the technology and general supervision areas.***

- "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 "eyes and ears" of [s47(3)(b)] while he is unable to attend the school."

**Response**

***Please see earlier comments on the problems arising in any report when insufficiently cross-checked impressions are relied upon and failure to allow for adequate response to allegations and impressions can give rise to a perceived breach of natural justice, and a lack of procedural fairness.***

***As to the experience and qualifications of [s47(3)(b)] there was at the relevant time a substantial need for a person to perform the functions referred to above, which were beyond the experience and skill of the Co-principals, and for which they had insufficient time to perform. The financial resources required utilisation of an existing staff member. [s47(3)(b)] has for the past two decades been directly and pivotally involved in the establishment of two successful Queensland independent schools from the ground up. Her knowledge of systems and procedures and her dedication to the position was unmatched by any other person at the school. The assessors make no comment of these significant facts, of which they were aware, or should have been aware.***

"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 his (sic) person's experience and professionalism in this area is damaging the school in the potentially lucrative international market.'

**Response**

***The person who held the role was [s47(3)(b)] who had, until two or three years ago, been the school's Enrolments Officer and had been moved from that position because of her incompetence. She was then moved to a teacher aide type of position in the library and continued to have a role as international student liaison officer, but was terminated near the end of 2002, with co-principal Reason speaking very negatively about her lack of abilities.***

***The assessors' reliance on a person's "professional opinion" without putting the allegation to the board for response prior to compiling their report represents another example of possible imbalance and breach of natural justice associated with negative attitudes, personal agendas and failure to cross-check. Had the***

Reliance

***Assessors raised this with the Board, the proper clarification would have been affected, including why the assessors refer to a "he" when the person in the position was a "she".***

**"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 entitlement 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."

**Response**

***See earlier responses in relation to the loan to [s47(3)(b)] and note also the following:-***

- ***The [s47(3)(b)] family have all of their family assets secured to CBA. The [s47(3)(b)] family has never received any remuneration in this regard, notwithstanding that the school does pay substantial fees to third party guarantors. The guarantee fees paid to the [s47(3)(b)] family were based on advice from CBA regarding the interest saving achieved by the school because of the guarantees provided. The rate of fee selected was based on the minimum saving indicated by CBA.***
- ***The \$28,000 loan referred to by the assessors was money contributed by [s47(3)(b)] to the setup of the school prior to 1997. This loan was unsecured and interest free and no repayments were made on this loan. When [s47(3)(b)] requested a partial repayment of the loan, the school had no option but to make the payment. The legal obligation to***

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*repay a loan which had been recorded as a loan every year since creation seems plain. To not make the repayment could be claimed to be foolhardy by the directors and expose the company to legal action.*

- *The \$75,000 loan referred to related to a documented loan to s47(3)(b) in her capacity as an employee. This was provided to s47(3)(b) as an alternative to a payment of s47(3)(b) entitlements due on termination. This option was taken because s47(3)(b) had not terminated and would not terminate his employment until after the appeal decision. To have paid the benefits attributable to termination prior to termination would have negated the tax concessions available for termination benefits. To have made a loan to s47(3)(b) presented a problem under the memorandum of association because the company is prohibited from making a distribution to a member and the directors were concerned that a loan to s47(3)(b) might be considered to be a distribution or benefit to a member. However, it should be noted that the loan amount generally equated with entitlements that would be due to s47(3)(b) on termination and this represented the 'security' that the company had for the loan.*
- *The remaining \$40,000 mentioned as point 5 is the unpaid remuneration for previous years and has been double counted in the assessors' analysis.*
- *The school arranges two cars for the s47(3)(b). The first is finance leased by the school and has been provided as a fringe benefit. For 2003, the intention was to allocate the cost of this car against the \$40,000 prior year remuneration. It may be argued that there is some duplication, as this remuneration has been calculated in relation to the s47(3)(b) loan. However, the school can renegotiate payment of some of the guarantee fees to recover the car cost, which is expected to cease when s47(3)(b) final termination entitlements are determined. The second car is an operating lease, similar to arrangements for the co-principals and is salary-sacrificed by s47(3)(b). Therefore, the costs of the second car are met by s47(3)(b).*
- *The personal mortgage payments referred to in item 5 are also on a salary sacrifice arrangement by s47(3)(b) and therefore the costs are met by s47(3)(b). The assessors' comment on the mortgage suggest additional costs to the school, which is incorrect.*
- *In summary, the figure suggested of \$265,520 is incorrect, excessive, and ignores simple facts such as a legal obligation to repay a loan at call, matters of a simple financial nature.*

5.3. **Current moves towards resolution of financial difficulties through sale of the school**

As previously discussed (see section 6.1 above), initiatives are currently under way to transfer the ownership of the school, a move which has been agreed to by the s47(3)(b) family. One of those initiatives has been the establishment of an SCGS Acquisition Steering Committee, which has proposed a company limited by guarantee; with 50 members (some providing limited guarantee and some balloted from the school community); which will acquire the assets and liabilities of SCGS; with aims being to ensure the continued excellence of the school, to action a plan for the future of the school and to encourage the greater involvement of the whole school community, with the purpose of ensuring that the school continues as a non-denominational, multi-disciplined educational institution which maintains and enhances the current culture, ethos and vision.

The school board supports the SCGS Acquisition Steering Committee and has encouraged that group to ensure that their proposal forms part of the William Buck process for change of ownership of the school discussed elsewhere in this response.

5.3.1 Positive achievements of the school which will be relied on to assist the purchase of the assets and the establishment of new funding relationships

In the moves towards setting up new funding relationships, improved financial conditions such as loan interest rates, and the attraction of solid support for the school's ongoing operations, its considerable achievements will be stressed as part of a positive public relations campaign to restore the school's reputation.

In addition to the continuing emphasis on the fundamental strengths of the school as identified by the assessors in their report (see section 2 of this response, earlier), the following list of achievements since the beginning of Term 3 will be promoted and highlighted:

**Overview of Achievements since the commencement of Term THREE:**

**Academic**

Excellence Expo -

Four first prizes awarded by Vice-Chancellor of Sunshine Coast University (unprecedented result)

Queensland Association of Mathematics Teachers -

Regional Maths Tournament - SCGS achieved 2<sup>nd</sup> place in the regional tournament and progressed to the State Finals.

Year 8 team achieved third in the State Finals.

Aust Mathematics -

A year 10 SCGS student has made it into the Australian Mathematics Olympic team and is now working at University standard mathematics.

Robotics Club -

A new initiative for the science stars, led by Mr Paul Evans.

- Miss Cath Green continues to travel throughout Queensland conducting Early Years Workshops in Reading and Writing. This term, she has presented seminars in Brisbane and Cairns and will be conducting workshops on the Sunshine Coast next term.
- Due to the school's past achievements in the National Literacy and Numeracy Awards i.e. having won too many awards, the school is now ineligible to enter. A change of guidelines for entries means that schools who have consistently taken out awards are now ineligible to enter.

### Cultural

SC Eisteddfod – Over two hundred and thirty students participated, with many individual students and groups receiving exceptional results.

|                            |                                     |                 |
|----------------------------|-------------------------------------|-----------------|
| <b>SCGS Choir results:</b> | Secondary Small Vocal Ensemble      | 1 <sup>st</sup> |
|                            | Jazz Ensemble                       | 2 <sup>nd</sup> |
|                            | Secondary Hymn Singing (4-8 voices) | 2 <sup>nd</sup> |
|                            | Year 5/6/7 Choir                    | 2 <sup>nd</sup> |
|                            | Year 1 / 2 choir                    | 2 <sup>nd</sup> |
|                            | String Ensemble (18 years & Under)  | 2 <sup>nd</sup> |
|                            | Vocal and Instrumental Ensemble     | 3 <sup>rd</sup> |

A large number of students from the school's Instrumental Music Program achieved First, Second, Third and Highly Commended in a range of categories.

### Queensland Debating Union

Four secondary teams made the State Finals for the Queensland Debating Union. Three teams progressed to the "secret subject" round – a real challenge because they had one hour of prep time, with no adult help at all. The Year 8 team won this round and ended up as one of the top 8 in the state.

**Rock Eisteddfod** - SCGS made it into the State Finals.

**QUOTA Quest** - SCGS students made it into the State Finals of the QUOTA Quest held in Biloela.

**Minister's Art Awards** - SCGS student achieved a "highly commended" in the Minister's Art awards at Sunshine Coast Uni. Outstanding print maker.

### Sporting Athletics -

SCGS achieved first place in the recent Independent Schools Secondary Athletics Carnival.

|                 |          |      |
|-----------------|----------|------|
| 1 <sup>st</sup> | SCGS     | 2583 |
| 2 <sup>nd</sup> | MFAC     | 2201 |
| 3 <sup>rd</sup> | NCC      | 1700 |
| 4 <sup>th</sup> | Siena    | 1674 |
| 5 <sup>th</sup> | Immanuel | 1357 |

### Cross Country -

For the third year in succession, the SCGS team won both the overall and the percentage titles, and drew praise from the event organisers for their sportsmanship, teamwork and behaviour.

|                 |          |     |
|-----------------|----------|-----|
| 1 <sup>st</sup> | SCGS     | 190 |
| 2 <sup>nd</sup> | MFAC     | 159 |
| 3 <sup>rd</sup> | St Johns | 117 |

Athletes selected as state and national representatives in Athletics, Gymnastics, Cross Country, Cricket and AFL.

5.3.2 Positive statistics for the 2002 school year from the William Buck - then Hall Chadwick Financial Performance Survey

Also highly apposite to the process of renegotiating the loans and financial arrangements generally, will be the highly positive comparative statistics produced by Hall Chadwick in its Financial Performance Survey for the 2002 school year, dated 30 June 2003 and produced by Mr John Somerset, Education Partner of Hall Chadwick. It is noted that one of the joint assessors who produced the report on which the NSSAB relied, viz. Mr Donald Langdon, was also a partner of the same firm of chartered accountants and it is surprising that more of his own firm's comparative data was not included in the report to the NSSAB. For the purposes of this response and to highlight some of the more positive financial/staffing outcomes achieved by the school, state and national comparative analyses are produced in the following tables. It will be noted that while the school's performance indicators are in need of improvement in the categories of working capital and cash flow adequacy and interest cover, better than average or close to average figures have been achieved for various other categories including net operating margin (adjusted), student-teacher ratios, outstanding fees per student teacher salaries per student, and total expenditure per student, for example.

The first three tables following present comparative data for the Queensland scene, while the second three of the following tables provide comparison between SCGS and all schools nationally, as well as schools in SCGS's reporting category nationally.

## SNAPSHOT OF YOUR SCHOOL

Table I summarises thirteen crucial Key Performance Indicators for your School. The indicators are explained in more detail later in the report

**Table I: Key Performance Indicators**

| RATIO                                   | YOUR SCHOOL | RATING | YOUR REPORTING CATEGORY QLD | QLD (ALL CATEGORIES) | PAGE NUMBER |
|-----------------------------------------|-------------|--------|-----------------------------|----------------------|-------------|
|                                         |             |        | AVERAGE                     | AVERAGE              |             |
| WORKING CAPITAL                         | 0.09        | x      | 1.18                        | 1.16                 | 3           |
| CASH FLOW ADEQUACY                      | 0.74        | x      | 1.00                        | 1.00                 | 4           |
| REINVESTMENT                            | 67%         |        | 109%                        | 111%                 | 6           |
| INTEREST COVER                          | 1.20        | x      | 3.88                        | 5.51                 | 7           |
| TOTAL LIABILITIES PER STUDENT           | \$9,275     |        | \$8,314                     | \$6,997              | 7           |
| OUTSTANDING FEES PER STUDENT            | \$85        |        | \$240                       | \$262                | 8           |
| TEACHER SALARIES PER STUDENT            | \$4,634     |        | \$4,091                     | \$4,080              | 9           |
| PRIMARY STUDENT TEACHER RATIO           | 18.5        |        | 17.4                        | 17.6                 | 10          |
| SECONDARY STUDENT TEACHER RATIO         | 19.3        |        | 12.5                        | 12.7                 | 11          |
| NET OPERATING MARGIN (ADJ.)             | 0.13        |        | 0.11                        | 0.12                 | 12          |
| DIRECT DELIVERY COST PER STUDENT        | \$5,311     |        | \$5,146                     | \$5,150              | 12          |
| TOTAL OPERATING EXPENDITURE PER STUDENT | \$7,757     |        | \$7,609                     | \$7,580              | 12          |

Benchmarking facilitates learning by making comparisons and has an objective of establishing an economic model for best performance from the resources available to your school. We hope this report helps your school to set goals, provides a framework for making decisions about performance and motivates continual improvement in operations. Hall Chadwick warmly welcomes your feedback - which allows us to continually improve this service to you.

Many factors influence the performance of your school and its comparability with other schools. Some of the major differentiating factors include the State in which your school operates, whether it is a boarding school or a day school, the SES category because this indicates the level of fees charged, the school size (student numbers), the age of your school, whether it is co-educational or single sex, and curriculum offerings (primary only, secondary only or both). If required, we can re-define your reporting category based on these characteristics.

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## Appendix: VERTICAL ANALYSES

| Ratio                                         | Sunshine Coast Grammar School | Report Category Average |
|-----------------------------------------------|-------------------------------|-------------------------|
| Working Capital                               | 0.09                          | 1.18                    |
| Quick Asset                                   | 0.10                          | 1.21                    |
| Cash Flow Adequacy                            | 0.74                          | 1.00                    |
| Cash Flow to Net Fees                         | 2.26                          | 2.63                    |
| Cash Flow Return on Assets                    | 16%                           | 9%                      |
| Current to Total Assets                       | 2%                            | 9%                      |
| Depreciation/Amortisation Impact              | 69%                           | 67%                     |
| Reinvestment                                  | 67%                           | 109%                    |
| Current to Total Liabilities                  | 24%                           | 21%                     |
| Interest Cover                                | 1.20                          | 3.88                    |
| Liabilities to Equity                         | 677%                          | 114%                    |
| L/Term Liabilities to Total Assets            | 66%                           | 36%                     |
| L/Term Liabilities Payment                    | 105%                          | 42%                     |
| L/Term Liabilities Coverage                   | 9.23                          | 5.96                    |
| Long Term Debt per Student                    | \$7,075                       | \$6,837                 |
| Long Term Liabilities per Student             | \$9,275                       | \$8,314                 |
| Debt Repayment to Total Income                | 20.45%                        | 8.27%                   |
| % Fees Paid within 30 days                    |                               | 64%                     |
| % Fees Paid within 60 days                    |                               | 83%                     |
| % Fees Paid within 90 days                    |                               | 93%                     |
| Outstanding Fees per Student                  | \$85                          | \$240                   |
| % Trade Debtors to Fees Billed                | 1.95%                         | 5.61%                   |
| Bad Debt per Student                          | \$18                          | \$29                    |
| % Bad Debt Written Off                        | 0.41%                         | 0.73%                   |
| Fee Income as % Total Income                  | 50%                           | 43%                     |
| Discounts & Concessions as % Total Fee Income | 5%                            | 10%                     |
| Grant Income as % Total Income                | 47%                           | 55%                     |
| Other Income as % Total Income                | 3%                            | 2%                      |
| Other Income per Student                      | \$294                         | \$200                   |
| Teacher Salaries to Total Expenditure         | 50%                           | 48%                     |
| Teacher Salaries per Student                  | \$4,634                       | \$4,091                 |
| Admin. Salaries to Total Expenditure          | 7.58%                         | 10.49%                  |
| Admin Salaries per Student                    | \$699                         | \$928                   |

| Ratio                                                        | Sunshine Coast Grammar School | Report Category Average |
|--------------------------------------------------------------|-------------------------------|-------------------------|
| Maintenance Salaries and Outsourcing Costs to Total Expenses | 4.87%                         | 6.59%                   |
| Maintenance Salaries and Outsourcing Costs per Student       | \$450                         | \$540                   |
| Rent and Lease to Total Expenses                             | 2.02%                         | 3.18%                   |
| Rent and Lease per Student                                   | \$187                         | \$257                   |
| Primary Student/Teacher Ratio                                | 18.5                          | 17.4                    |
| Primary FTE Teaching hours per week                          | 28.0                          | 24.5                    |
| Primary Student/Admin Staff Ratio                            | 43.6                          | 46.4                    |
| Primary Admin Staff per Teacher                              | 42.3%                         | 31.3%                   |
| Primary Student/Maint. and other Staff Ratio                 | 320.0                         | 211.3                   |
| Primary Maint. and Other Staff per Teacher                   | 5.8%                          | 10.6%                   |
| Primary Academic Staff to Support Staff                      | 1.9                           | 2.0                     |
| Secondary Student/Teacher Ratio                              | 10.3                          | 12.5                    |
| Secondary FTE Teaching hours per week                        | 21.0                          | 21.3                    |
| Secondary Student/Admin Staff Ratio                          | 56.0                          | 43.9                    |
| Secondary Admin Staff per Teacher                            | 18.4%                         | 28.6%                   |
| Secondary Student/Maint. and other Staff Ratio               | 391.7                         | 156.9                   |
| Secondary Maint. and Other Staff per Teacher                 | 2.6%                          | 10.4%                   |
| Secondary Academic Staff to Support Staff                    | 3.8                           | 2.4                     |
| Maintenance Staff per Hectare                                | 0.0                           | 0.59                    |
| Net Operating Margin                                         | 0.07                          | 0.07                    |
| Net Operating Margin (Adj.)                                  | 0.13                          | 0.11                    |
| Return on Assets                                             | 5.62%                         | 3.04%                   |
| Direct Delivery Expenditure per Student                      | \$5,311                       | \$5,146                 |
| Total Operating Expenditure per Student                      | \$7,757                       | \$7,609                 |
| Wages as a percentage of Income                              | 61.1%                         | 61.0%                   |
| Recurrent Fees per Boarder                                   |                               | \$9,331                 |
| Capital Income per Boarder                                   |                               | \$1,789                 |
| Total Income per Boarder                                     |                               | \$10,404                |
| Recurrent Expenditure per Boarder                            |                               | \$10,318                |
| Capital Expenditure per Boarder                              |                               | \$1,644                 |

## SNAPSHOT OF YOUR SCHOOL

Table I summarises twelve crucial Key Performance Indicators for your School. The indicators are explained in more detail later in the report

Table I: Key Performance Indicators

| RATIO                                   | YOUR SCHOOL | RATING | YOUR REPORTING CATEGORY ALL | ALL (ALL CATEGORIES) AVERAGE | PAGE NUMBER |
|-----------------------------------------|-------------|--------|-----------------------------|------------------------------|-------------|
| WORKING CAPITAL                         | 0.09        | x      | 0.96                        | 1.14                         | 3           |
| CASH FLOW ADEQUACY                      | 0.74        | x      | 0.84                        | 0.94                         | 4           |
| REINVESTMENT                            | 67%         |        | 113%                        | 125%                         | 6           |
| INTEREST COVER                          | 1.20        | x      | 5.62                        | 9.42                         | 7           |
| TOTAL LIABILITIES PER STUDENT           | \$9,275     |        | \$6,492                     | \$6,701                      | 7           |
| OUTSTANDING FEES PER STUDENT            | \$85        |        | \$313                       | \$305                        | 8           |
| TEACHER SALARIES PER STUDENT            | \$4,634     |        | \$4,067                     | \$4,465                      | 9           |
| PRIMARY STUDENT TEACHER RATIO           | 18.5        |        | 16.7                        | 16.3                         | 10          |
| SECONDARY STUDENT TEACHER RATIO         | 10.3        |        | 12.1                        | 12.2                         | 11          |
| NET OPERATING MARGIN (ADJ.)             | 0.43        |        | 0.08                        | 0.12                         | 12          |
| DIRECT DELIVERY COST PER STUDENT        | \$5,311     |        | \$5,145                     | \$5,696                      | 12          |
| TOTAL OPERATING EXPENDITURE PER STUDENT | \$7,757     |        | \$7,383                     | \$8,412                      | 12          |

Benchmarking facilitates learning by making comparisons and has an objective of establishing an economic model for best performance from the resources available to your school. We hope this report helps your school to set goals, provides a framework for making decisions about performance and motivates continual improvement in operations. Hall Chadwick warmly welcomes your feedback - which allows us to continually improve this service to you.

Many factors influence the performance of your school and its comparability with other schools. Some of the major differentiating factors include the State in which your school operates, whether it is a boarding school or a day school, the SES category because this indicates the level of fees charged, the school size (student numbers), the age of your school, whether it is co-educational or single sex, and curriculum offerings (primary only, secondary only or both). If required, we can re-define your reporting category based on these characteristics.

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## Appendix: VERTICAL ANALYSES

| Ratio                                         | Sunshine Coast Grammar School | Report Category Average |
|-----------------------------------------------|-------------------------------|-------------------------|
| Working Capital                               | 0.09                          | 0.96                    |
| Quick Asset                                   | 0.10                          | 0.99                    |
| Cash Flow Adequacy                            | 0.74                          | 0.84                    |
| Cash Flow to Net Fees                         | 2.26                          | 3.20                    |
| Cash Flow Return on Assets                    | 16%                           | 11%                     |
| Current to Total Assets                       | 2%                            | 8%                      |
| Depreciation/Amortisation Impact              | 69%                           | 72%                     |
| Reinvestment                                  | 67%                           | 113%                    |
| Current to Total Liabilities                  | 24%                           | 29%                     |
| Interest Cover                                | 1.20                          | 5.62                    |
| Liabilities to Equity                         | 677%                          | 131%                    |
| L/Term Liabilities to Total Assets            | 68%                           | 38%                     |
| L/Term Liabilities Payment                    | 105%                          | 54%                     |
| L/Term Liabilities Coverage                   | 9.23                          | 3.81                    |
| Long Term Debt per Student                    | \$7,075                       | \$4,981                 |
| Total Liabilities per Student                 | \$9,275                       | \$6,492                 |
| Debt Repayment to Total Income                | 20.45%                        | 7.55%                   |
| % Fees Paid within 30 days                    |                               | 61%                     |
| % Fees Paid within 60 days                    |                               | 77%                     |
| % Fees Paid within 90 days                    |                               | 88%                     |
| Outstanding Fees per Student                  | \$85                          | \$313                   |
| % Trade Debtors to Fees Billed                | 1.95%                         | 9.36%                   |
| Bad Debt per Student                          | \$18                          | \$29                    |
| % Bad Debt Written Off                        | 0.41%                         | 0.73%                   |
| Fee Income as % Total Income                  | 50%                           | 37%                     |
| Discounts & Concessions as % Total Fee Income | 5%                            | 11%                     |
| Grant Income as % Total Income                | 47%                           | 61%                     |
| Other Income as % Total Income                | 3%                            | 3%                      |
| Other Income per Student                      | \$294                         | \$176                   |
| Teacher Salaries to Total Expenditure         | 50%                           | 50%                     |
| Teacher Salaries per Student                  | \$4,634                       | \$4,067                 |
| Admin. Salaries to Total Expenditure          | 7.58%                         | 9.52%                   |
| Admin Salaries per Student                    | \$699                         | \$805                   |

| Ratio                                                        | Sunshine Coast Grammar School | Report Category Average |
|--------------------------------------------------------------|-------------------------------|-------------------------|
| Maintenance Salaries and Outsourcing Costs to Total Expenses | 4.87%                         | 5.90%                   |
| Maintenance Salaries and Outsourcing Costs per Student       | \$450                         | \$484                   |
| Rent and Lease to Total Expenses                             | 2.02%                         | 3.11%                   |
| Rent and Lease per Student                                   | \$187                         | \$210                   |
| Primary Student/Teacher Ratio                                | 18.5                          | 16.7                    |
| Primary FTE Teaching hours per week                          | 28.0                          | 24.7                    |
| Primary Student/Admin Staff Ratio                            | 43.6                          | 55.0                    |
| Primary Admin Staff per Teacher                              | 42.3%                         | 27.2%                   |
| Primary Student/Maint. and other Staff Ratio                 | 320.0                         | 192.9                   |
| Primary Maint. and Other Staff per Teacher                   | 5.8%                          | 9.9%                    |
| Primary Academic Staff to Support Staff                      | 1.9                           | 2.3                     |
| Secondary Student/Teacher Ratio                              | 10.3                          | 12.1                    |
| Secondary FTE Teaching hours per week                        | 21.0                          | 21.0                    |
| Secondary Student/Admin Staff Ratio                          | 50.0                          | 57.3                    |
| Secondary Admin Staff per Teacher                            | 18.4%                         | 22.6%                   |
| Secondary Student/Maint. and other Staff Ratio               | 391.7                         | 223.2                   |
| Secondary Maint. and Other Staff per Teacher                 | 2.6%                          | 8.2%                    |
| Secondary Academic Staff to Support Staff                    | 3.8                           | 3.2                     |
| Maintenance Staff per Hectare                                | 0.0                           | 0.76                    |
| Net Operating Margin                                         | 0.07                          | 0.04                    |
| Net Operating Margin (Adj)                                   | 0.13                          | 0.08                    |
| Return on Assets                                             | 5.62%                         | 4.08%                   |
| Direct Delivery Expenditure per Student                      | \$5,311                       | \$5,145                 |
| Total Operating Expenditure per Student                      | \$7,757                       | \$7,383                 |
| Wages as a percentage of Income                              | 61.1%                         | 62.8%                   |
| Recurrent Fees per Boarder                                   |                               | \$9,332                 |
| Capital Income per Boarder                                   |                               | \$1,789                 |
| Total Income per Boarder                                     |                               | \$10,392                |
| Recurrent Expenditure per Boarder                            |                               | \$10,336                |
| Capital Expenditure per Boarder                              |                               | \$1,644                 |

#### 5.4. Fees

One obvious method of improving the school's financial viability would be to increase fees.

While such an approach might have a short-term effect in the matter of increasing income, such a result would follow only if enrolments did not simultaneously decrease.

The risk of falling enrolments must be seen as a real one, given the previous complaints by some parents that the school's fees are higher than other competing non-government schools (see Section 6.6 later), and also given that the school's reputation might be expected to have suffered to some extent, as a result of the bad publicity arising out of the deregistration of s47(3)(b)

A potentially more effective and more positive long-term aid to improving financial viability would be the achievement of increased enrolments, which is discussed at Section 6.5 following.

Increases in fees have been a regular phenomenon in non-government schools over the last decade and a half, in order to meet increasing staff costs, insurances, superannuation, computer purchases and the like and cannot logically be completely ruled out. But in the current climate of the school, any proposal for inordinant fee increases by the new owners of the School would be likely to attract opposition, unless it was comprehensively and persuasively justified in wide communication and consultation processes.

#### 5.5. Increasing Enrolments

A major factor in achieving future financial viability for the school will be to increase its numbers of fee-paying students.

This should be attempted through a comprehensive public relations program accentuating the school's "positives" and promoting its many achievements and successes.

The "selling" of the school should be a major role of the new Chief Executive Officer and the chairman of the new governing body. (See Section 5.2 of this response, earlier). The quest for new enrolments should be "two-pronged", firstly through an emphasis on all the readily demonstrable and quite outstanding successes achieved by the school academically, culturally and in sporting endeavours, all in the context of a rich multi-denominational and multi-disciplinary mix.

Secondly, the school should promote its "specialness" or even "uniqueness" as an attractive institution centred on selected "niche" offerings, such as, for example: robotics, Edward de Bono-type thinking skills, catering for boys' learning styles, environmentalism, service to the aged, an International Baccalaureate, marine biology, debating and music.

In order to get an edge in the quest for popularity and student enrolments, the school must therefore become more entrepreneurial, must celebrate and

promote its present strengths and achievements, and must look for ways of distinguishing itself from its competitors.

## 5.6 2004 Budget

In anticipation of the appointment of a new Head of School for 2004 and a change of ownership of the school, a comprehensive budget is being prepared under the control of the co-principals for 2004. This budget process is well advanced. The budget process will address the various matters raised by the assessors in relation to staffing and resources. The ongoing loan conditions will be a significant factor in the budget allocations. Should the CBA remain the financier of the school in 2004, it will be necessary to endeavour to negotiate revised loan terms and conditions which grant some relief from the existing loan repayment schedules highlighted by the assessors. It is noted that the CBA has already indicated a willingness to consider a review.

The new Head of School and owner will have their own views on budget issues and can be expected to revise the budget following their respective inductions. However, the time frame for these changes necessitates the formulation now of a comprehensive budget for 2004. The prepared budget will be an advanced starting point from which the Head of School and owner can develop their own projections.

The need to prepare a longer term Financial Strategic Plan will be noted for the new owners via William Buck.

## 5.7 Some corrections and clarifications regarding the Assessment Report of the School's Financial Viability

In addition to the failure of the NSSAB's financial assessor to utilise data gathered independently by another partner of his own firm of chartered accountants, there are other instances where the report's accuracy has been affected by the speed and nature of the data-gathering process and the failure to provide adequate opportunities for the school's board of directors to make appropriate input or response before the report was finally compiled. To provide the Accreditation Board with a fuller picture of the school's financial history, processes and prospects, the following response offers clarifications and, where necessary, corrections to the content of the report. As in Section 5.2 earlier, the relevant section of the report has been extracted in each instance and reproduced as a basis for the response which follows:-

### 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."

**Response**

***The school has always had a larger than normal student turnover at the end of each year, which seems to be partly caused by the itinerant nature of the population on the Sunshine Coast. For example, many families move from southern states to try the lifestyle and job opportunities of the Sunshine Coast, but subsequently return for their own reasons. (See later comments on student mobility also).***

***The statistical history referred to in the previous paragraph is consistent with the history of other independent schools in regional areas, e.g. the Gold Coast.***

***The original feasibility study was prepared in 1995 and in certain ways anticipated a different school from that existing. Two key items were that the original plan included firstly, significant international students (to be sourced from Malaysia) to be arranged by the second shareholder of the company. These students never eventuated and that shareholder departed the company with some acrimony at the time. Secondly, the original plan included a boarding school for the international students, as well as Australian students. This did not proceed because of the situation with the international students as well as a reassessment of the merits and costs of establishing a boarding school.***

***It should also be noted that the feasibility study was done almost 10 years ago, before there was a single student at the school and the estimates of student numbers of the 7<sup>th</sup> year of operations were no more than educated guesses. In many ways the school is quite different from that anticipated in the feasibility study. For example, expenditure on computer equipment and staffing. In addition, a number of new schools have opened on the Sunshine Coast since the commencement of SCGS. This provides competition.***

***It is unreasonable to imply criticisms of the school for departing from a plan established 8 years ago. To not do so and not cater for changing and developing issues and circumstances, would be negligent and irresponsible.***

- "1.3 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 1040 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 comprised 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."

### **Response**

***What the assessors do not state is that 235 new students joined the school at the beginning of 2003, notwithstanding the controversial issues surrounding the school. Also, no comment was made regarding the historical turnover of students at the school. SCGS has always had a high level of student turnover. The information provided to the board over the years indicates a number of issues. Firstly, the population is somewhat transitory. Many people move from interstate to the Sunshine Coast to try the lifestyle and job prospects but subsequently leave, often to return to their place of origin. Many people find that they cannot cope with the level of fees, particularly where they have multiple students enrolled.***

***Student enrolment details show that the students departures in previous years were (and these numbers do not include any Year 12 departures because the school was still progressing through the year levels):***

|                    |            |
|--------------------|------------|
| <b>End of 2001</b> | <b>107</b> |
| <b>End of 2000</b> | <b>109</b> |
| <b>End of 1999</b> | <b>75</b>  |

***The comments in the NSSAB report, regarding the comparison with the original feasibility study which was based on assumptions made some 8 years ago, are seriously flawed.***

### **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 and 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     |

**Response**

**A review of historical results will show that 2002 was the first year where a strong net profit was not achieved. There were three main contributors to this result, as follows:-**

- (a) The 2002 budget anticipated a progression in student numbers from 2001, with the addition of the Year 12 level. The student numbers were estimated to be 1080. This did not eventuate and for no clearly identifiable reason, although the economic situation on the north coast at the time seemed to be a factor. This presented budget problems, because the school was staffed and geared for 1080, and despite the student numbers there was still a requirement to provide the normal speciality subject classes in the secondary school, even if the student numbers in the subjects were below financially efficient levels.**
- (b) [s47(3)(b)] was notified of the review of his Teacher Registration, and then the hearing, which extended many months, drew extensive negative publicity for the school.**
- (c) Expenditure exceeding budget due to many factors but which included \$100,000 in staff terminations to reduce the L.O.T.E. program, terminate unsatisfactory staff and make redundant a principal. (See comments earlier at Section 6.2).**

**Also, the assessors have overlooked two significant and non-recurring items in the 2002 results:-**

- (i) Following a change in staffing of the audit team, the auditors advised that they were changing their views on the correct calculation of staff leave obligations at the years end. The effect of this change was to record an additional expense at the end of 2002 of some \$140,000. This liability actually related to prior years, not 2002, although by necessity it was recorded in 2002. The final audited financial statements for 2002 note this matter as a significant item relating to prior years. (The draft financial statements provided to the assessors also noted this factor). The adoption of this change is considered to be appropriate. However, it should be noted that if this change had been identified in 2001, the net profit for 2002 would have been recorded as some \$200,000, a more reasonable result.**
- (ii) During the Board of Teacher Registration review, it became evident that [s47(3)(b)] had not received his full remuneration entitlements in the early years (1997, 1998 and 1999), as he attempted to support the school's financial position. (As a result, he was actually paid less than his deputy). This occurred prior to any of the current directors being appointed to the board and therefore was not something that they were previously aware of. [s47(3)(b)] considered that he had an entitlement to these funds and after a detailed review of the payroll records for the relevant years, it was both appropriate and required that the liability for this obligation be recognised.**

***Again, this obligation related to a previous year but was recognised only in 2002, reducing the net profit result by some \$40,000.***

***Despite all of these issues, it is interesting to note that the separately commissioned Hall Chadwick advice states that the school's operating margin for 2002 was .07 against an average for similar schools of .07. (See tables of comparative data presented earlier, at 5.3.2).***

***Despite discussions on these points with the directors, the Assessor's report did not refer to the discussions or the factual issues.***

"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 covenant 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, s47(3)(b) 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 outflows, 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 OP1 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 \$2.9 M 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."

### **Response**

***The above comments were prepared by the audit team manager as a host of issues for the general information and consideration of the audit partner. The comments were not the considered opinions of the school's auditor and were substantially amended in finalising the audited financial statements. In a number of respects, the comments are factually incorrect, including:-***

- ***Various numbers which were subsequently corrected;***
- ***The cashflow for 2001 of \$1,227,847 is distorted by a conversion in 2001 of a short term capital overdraft facility established in the previous year for \$900,000 into a term loan. That is, the \$900,000 is unrelated to trading operations and distorts the impression in comparison to the 2003 result;***
- ***A full time enrolments officer was appointed much earlier than 2002***

***(See audited 2002 financial statements).***

***These inaccuracies were highlighted during discussions with both Assessors. It is surprising that the inaccuracies were not noted by the Assessors in their report.***

### **"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 initiate 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 timeframes 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."

### **Response**

***Firstly, the issue of the school fees being higher than other schools is not a "belief", it is a fact and one which is regularly raised by parents as an issue.***

***The bigger factor is the relationship with CBA. This relationship was from the beginning of 1999 through until early 2002 very difficult, but since 2002 has improved considerably. The key issue was that CBA decided from 1999-2000 that it did not want the School's business and encouraged the school to refinance. This came in a number of forms, but was most succinctly expressed by a penalty interest rate of 12.5% imposed on the school, when rates around 9% would be quite acceptable. A consequence of this attitude was a severe reluctance to lend additional moneys to the school. This made progress extraordinarily difficult in 1999, 2000 and 2001, when the school had to build to cater for the students progressing through the year levels to Year 12. Considerable efforts went into negotiations with CBA and securing third party guarantors to convince CBA to lend for these essential building facilities. However, on constructing all of the core facilities to cater for P to 12, CBA made it abundantly clear that they would not provide any further loan funding. Therefore, it was necessary to find alternatives to bank finance and leasing of demountable buildings was the only option. Generally, the demountable buildings are used for speciality subjects and not for core or form class purposes. However, whilst the criticism can be made of demountable buildings, the alternative of no building at all, was not an option.***

***Therefore, the key issue is not whether \$120,000 would service the debt for permanent buildings, but whether a financier would provide the finance.***

***The school did actively seek alternative banking arrangements, particularly with NAB, but also via applications to Westpac, Suncorp and Bank of Queensland. However, the financial position became self-fulfilling. Banks would analyse the school's financials and ask why were the interest rates so high and the school in credit management, and take the safe option of declining the business. These unsuccessful applications incurred costs to the school in the preparation of submissions.***

***In May/June 2002, the Bank of New Zealand was showing interest in taking on the business, and financial and other data had been provided. Prior to a decision, the Board of Teacher Registration hearing eventuated and any interest evaporated.***

***Notwithstanding the above comments, due to substantial effort on the part of the directors (and in particular the finance director Mr Stephen***

***Beebe), the relationship with the bank improved through 2002 and into 2003. The bank agreed to a variation in terms of a significant amount of the borrowings including a reduction in interest rates for some loan facilities to an amount of 9.25%, while increasing some capital repayment instalments. Also, the CBA indicated that the file would be released out of credit management and taken back to business banking around May 2003. Before this could happen the NSSAB review was announced and the CBA position immediately changed.***

***It is anticipated that the sale of the school process shall significantly ameliorate the school's financial viability.***

#### **"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)(b) 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."

#### **Response**

- (a) Refer to earlier comments regarding 2002 financial results.***
- (b) The repayments made on school loans were not "seemingly as a requirement of the CBA", but specifically as a requirement of the terms and conditions attaching to the various loans, and which would have exposed the school to severe legal action, if it had failed to meet the required obligations.***
- (c) The redundancy payments relate to some 9 or 10 staff who were made redundant for the following reasons:-***
  - Reduction in the L.O.T.E. program from 5 languages to 3 to achieve a more effective academic program, because the school was finding that after providing a subject throughout much of the school curriculum, at the upper levels only a few (sometimes less than 5), were opting to continue and this was seen as an unsatisfactory outcome, both educationally and in terms of the utilisation of resources.***

- **Termination of unsatisfactory teachers which was driven entirely by the executive and certainly not requested (although certainly supported) by the board.**
- **Termination of a principal. The executive structure up to the end of 2002 was a head of school supported by three principals covering infants, primary and secondary. This structure did not work well in 2002 and the board made decisions to alter the structure for 2003 for the reasons previously identified in this response.**
- **The outcome of the terminations was that the annual payroll cost was reduced by some \$100,000 because, where appropriate, younger staff were employed. This was determined by the executive and was considered appropriate because many of the staff had commenced at the school as relatively junior teachers and had been at the school for some 7 years and had therefore progressed parallel with the other teachers. This limited the possibility of progression for staff, because there are only so many positions of added responsibility available and each year the salary cost was increasing considerably above inflation levels or grant increases, as staff moved up the salary bands.**

(d) **The school did not pay any of s47(3)(b) legal fees.**

(e) **Regarding the delay in the buildings, the report appears to be critical of the school for not constructing buildings as announced. Then in 5.1, the assessors imply criticism for giving a realistic assessment on building intentions.**

**All of the foregoing issues were discussed with the directors but were not detailed in the Assessor's report.**

"5.1 (Recurrent operations – cont'd)

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 land and unused adjoining land, and the payments and loans to s47(3)(b) amounting to \$265,520 enumerated later."

**Response**

***The fees to support loan guarantees did not commence in 2003, but rather 1999/2000. The fees are however increasing pursuant to the terms of agreement. Further, the board is no happier about the guarantee fees than the assessors. If they could be eliminated, they would be. However, it is probable that in the absence of these arrangements, the school would have failed 2 or 3 years ago, because of the CBA attitude.***

***The \$65,000 annual lease fee over vacant and unused land refers to the only vacant land available – (the only option), which could provide the required emergency exit. This exit is a clear requirement of the school's building approval issued by the Maroochy Shire Council. The \$65,000 has always been considered to be excessive. However, SCGS is no different from any school which can only expand by acquiring land on its boundary and as a result is forced to pay a premium. In hindsight, however, this commercial transaction with the adjoining land owner appears to be a commercially sensible and beneficial transaction for the school. The value of the subject land is substantially in excess of the option purchase price.***

***The challenges to the operations of the school in 2003 required the maintenance of essential human resources, all of whom would be required to perform additional work.***

***With the loss of the sole full time and executive director, the burden upon the remaining four directors increased many-fold in all respects, including, but not limited to degree of responsibility and time spent. A decision was taken to temporarily increase directors' fees because of these factors until such time as the s47(3)(b) appeal was finalised and additional directors (including a full-time executive director) could be appointed.***

***The assessors have failed to mention in their report the increased remuneration paid to the Co-principals or the increased salaries paid to all staff at the school in 2003 to recompense those employees for their share of the additional burden during this exceptional year. This failure on the part of the assessors lends a further imbalance to their report.***

***Refer to earlier comments regarding the inaccuracy of the assessors' comments regarding the s47(3)(b) amount of \$265,520.***

***See the Land Lease and Option documents and the Guarantor Agreements previously provided to the Assessors.***

**"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.

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 flows could come from future operating surpluses or additional borrowing's. However, the school has not prepared longer-term financial models that show how these funding issues will be handled."

### **Response**

***The current ratio is a symptom of the difficult trading in 2002. The report contains no comment on the earlier years, which indicate the position preferred by the board.***

***The absence of longer term cash flows requires comment. During 2002, planning was occurring for the preparation of 5 year projections for the longer term planning purposes. However, the Board of Teacher Registration's decision and the real uncertainties regarding student numbers for 2003 meant that long term projections for that time based on very uncertain student numbers for 2003, let alone subsequent years, were not realistic and would have utilised school resources and costs, when relevant people were almost overwhelmed in holding a tenuous situation in control.***

***The school is currently examining its 2003 and longer term financial planning. The intention was to prepare the 5 year plans in 2003 and that is still the thinking. However, three issues are relevant:***

- ***The situation with the NSSAB notices.***
- ***The planned appointment of a new and permanent Head of School.***
- ***The change of ownership process which is currently occurring.***

***Nevertheless, a 10 year strategic plan for building development 2004-2014 has been formulated and was made available to the assessors, as was acknowledged at 5.5 of the assessors' report.***

## **6. RESPONSE TO S.11 SHOW CAUSE NOTICE (STAFFING)**

### **6.1. Failure to Meet Benchmarks**

***It is conceded that the school does not currently meet the Block Grant Authority benchmarks for the employment ratios of administrative assistant personnel and teacher aides.***

***This is a matter that will be set as a high-priority improvement issue for attention by the incoming new Chief Executive Officer and the new governing body, and the increased funding for which will be supported both by the anticipated and planned-for increases in enrolments. The new CEO will take into account the important footnote to the benchmark, eg:***

***"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 and so on."***

***It is clear that many of these variables will impact on the possibilities for staffing improvement at the SCGS immediately and in the near future. The new CEO will be required to formulate a strategic staffing implementation plan designed to steadily improve the current staffing levels of administrative assistants and aides over a target time period, geared to improvements in the schools financial viability arising out of new banking arrangements and anticipated increases in student enrolment. Planning by the CEO will need to take into account normal expectations for replacements as a result of leave, mainly maternity leave. In addition, consideration will need to be given to staffing implications for establishment positions such as Assistant Principal and Curriculum Leader in the junior schools, fulltime Counsellor/Guidance Officer, and fulltime Librarian for the secondary school, as well as a new teaching position to cater for an additional year 8 draft. These requirements for additional academic staff will impinge upon the remedial measures needed for administrative personnel and teacher aides, as noted by the assessors in their report, and careful planning prioritisation will have to be applied by the CEO in the light of resources gradually becoming available.***

## **6.2. Some corrections and clarifications in response to assessors' comments**

### **7.1 Staffing**

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."

### **Response**

***It is acknowledged that the aides' ratio may seem to be low. But also note that according to analysis received separately from Hall Chadwick, the secondary student/teacher ratio is 10.3 against 12.5 for the like schools. Further, the secondary teaching hours per week are 21 against an average for similar schools of 21.3. Perhaps not a big difference, but the report by the***

*assessors focuses on the negatives without adequate acknowledgement of the positives.*

*The Hall Chadwick analysis for 2002 was available to the Assessors, and particularly Mr Langdon being a partner in the firm. As the report shows, the School has both favourable and unfavourable statistics. Why the Assessors focussed on only negative issues is disappointing.*

*The executive must have a role in monitoring compliance in such issues. The executive have never told the board that aides were insufficient to achieve the required outcomes. During 2003 the executive increased certain aide hours without consultation with the board. This is appropriate and indicates that the board has not prevented nor issued instructions to prevent appropriate staffing in relation to aides.*

*Also, the situation with the students' receptionist needs consideration. The board does not manage the staffing or allocation of duties. This is the executive's role and they have responsibility to bring compliance issues to the board. No such issues were ever raised by the executive with the board.*

*It will be necessary for the incoming CEO to take the matter of staffing, both academic and ancillary, firmly and continuously under his or her purview with constant ongoing consultation with the other members of the executive, in order to provide effective and timely advice to the new governing body.*

*The requirement for increased budget allocations for Teacher Aides and Administrative Support will be addressed in the budget for 2004. This issue shall also be raised with intending new owners of the school and taken into account by William Buck in determining a suitable new owner who shall be able to meet these financial requirements in a prompt timeframe.*

## **7. RESPONSE TO S.12 SHOW CAUSE NOTICE (LAND AND BUILDINGS)**

### **"7.2 Land and Buildings**

*In the near future, the Board may need to borrow a further \$500,000 approximately for land cost, with considerable additional road development costs, to create an external exit to the site."*

### **Response**

*The option to purchase the land expires on 30 December 2003. Because current circumstances will not permit the school the opportunity to be able to secure the land itself within that timeframe, s47(3)(b) has taken measures to do so and for the benefit to flow to the school as required by the existing Maroochy Shire Council development approval. Such action has been instituted by s47(3)(b) through his solicitors, Messrs Bennett & Philp.*

*Note that a State Grant for road works of \$70,000 is already approved. The grant is approximately 50% of estimated cost. Also, the existing lease payments will be available to service a loan for the land acquisition.*

*"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."

**Response**

***This is incorrect, as the exit has already been approved by the Council for the required emergency purpose.***

The concerns expressed by the Board at clauses 6 and 7 of the Show Cause Notice are unwarranted. The school has always been, and continues to be fully compliant with the relevant regulations of the Maroochy Shire Council. In particular:

- the school does maintain a second external access to the site for use in the case on an emergency
- arrangements are in place to continue this access following the option period which expires on 30 December 2003
- the existing annual lease payments will provide the financial capacity to fund the future control of this access

The school does not understand how the assessors came to the conclusion stated in clause 7.2 of their report that "this access is not in place at this point in time". The access has been continuously in place since 1999. Otherwise, the school would have failed in its subsequent building applications to the Council.

It should also be noted that the school had submitted an application to the CBA for loan funding to settle the purchase of the relevant land prior to 30 June 2003. Initial feed back from the CBA, prior to the NSSAB review, indicated a likelihood of approval. Following the announcement of the NSSAB review, the CBA declined to consider the application further.

**8. RESPONSE TO S.13 SHOW CAUSE NOTICE (EDUCATIONAL FACILITIES AND MATERIALS)**

It is acknowledged, that the school's current library resources are less than the recommended number.

Although, the school is acknowledged by the assessors to be resource rich in the information technology area, reference to the Australian Librarian Standards Association Guidelines indicates that IT figures are additional to the recommended figures in the collection size.

To bring the library collection up to size will require an estimated injection of some \$120,000 with a further \$10,000 for shelving, plus the costs of support staff for processing the new resources.

This is another of the major financial priorities to which the incoming CEO and governing council will need to give urgent attention and for which they will need to locate emergency funding as a part of new loan and repayment facilities to be negotiated.

This issue shall also be raised with intending new owners of the school and taken into account by William Buck in determining a suitable new owner who shall be able to meet these financial requirements in a prompt timeframe.

The responsibility for identifying the appropriate level of library resources must rest with the executive. The board does not manage these issues. The executive should identify such issues and if budgets are insufficient, request appropriate approvals from the board. Deficiencies in this process in the past will need be rectified.

### "7.3 Educational Facilities and Materials

There has been an erosion of school resources spending in past years, other than in information technology resources where the school is well provided. The consequences 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 short term before significant consequences result for the school's educational program.

#### Response

***The 2003 budgets were reduced because of the real concern that significant student losses could occur at the beginning of 2003. When this did not eventuate, the co-principals requested additional expenditure approvals and what they requested was granted in full. If this was insufficient, the responsibility was on the executive to advise the board accordingly.***

***Again referring to the separately commissioned Hall Chadwick analysis for 2002, SCGS spent \$5,311 per student on direct delivery expenditure compared to an average for similar schools of \$5,150. Clearly, SCGS uses a different mix of resources at the control of the executive. The outstanding academic and sporting results (which are arguably unsurpassed by any schools of similar size and age in the state) are a result of things the school has done well.***

***As noted previously this information was available to the Assessors.***

***The requirement for increased budget allocations for Educational Facilities and Materials will be addressed in the budget for 2004. This issue shall also be raised with intending new owners of the school and taken into account by William Buck in determining a suitable new owner who shall be able to meet these financial requirements in a prompt timeframe.***

#### 9. **RESPONSE TO SHOW CAUSE NOTICE UNDER S.63(1)(C) OF THE ACT (SUITABILITY OF SCHOOL'S GOVERNING BODY)**

Examination of the Show Cause Notice, the NSSAB Report and the accompanying letter from the Board's assessors, indicate a number of criticisms concerning the present functioning of the school's Board of Directors. In the table below, each of the criticisms is addressed, together with the steps intended to remedy the criticisms.

| NSSAB Criticism of Current Governance                                                                                                              | Intended Steps to Remedy the Criticisms                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| 5.3 "Because there are only four Directors, each is required to carry a heavy workload at this time, in the interests of performing their duties." | It is recommended by the current school board, that the governing council/board of the school should be constituted by a minimum of 7 members. |
| 8 "Members of the School Board                                                                                                                     | Effective communication strategies will be                                                                                                     |

|     |                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | 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." | one of the role expectations of the new CEO, operating with the guidance and overall direction of the new governing council. (See section 4.2 earlier, for the discussion of the new CEO's role expectations and job description and also see the final section in this response).                                                                                                                                                                                                                                                                                                                                                    |
| 8   | "It is not the practice of the School Board to publish Annual Reports for the School Community."                                                                                                           | An annual report will be prepared by the CEO in future, assisted by the governing council and its committees and by the executive team, for promulgation in written form to all parents/clients, and in shortened version by an oral presentation to such a function as a "Speech Day", all in the interests of transparency and a commitment to shared motivation of all involved stakeholders. (See the earlier section 4 of this response for some of the detailed mechanics for decision strategies, improvement processes and communication procedures).                                                                         |
| 1.2 | "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."                 | The new CEO and the new governing council will use multiple communication channels and opportunities to let the school community and the general community know that the school is "under new management".                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 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."                                                  | The appointment of the new principal as CEO, directly harnessing the expertise of his own newly created executive officer group will fill any perceived management vacuum.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 4.2 | "This perception (of possible conflict of interest) is reinforced by the nature of the corporate structure and the limited number of directors."                                                           | <p>The necessary widening of the stock of advisory expertise within the school board, will be achieved by the appointment of a new governing council containing the following kinds of knowledge, experience and skills:-</p> <ul style="list-style-type: none"> <li>(a) educational (the new CEO)</li> <li>(b) legal</li> <li>(c) financial</li> <li>(d) small business</li> <li>(e) architectural</li> <li>(f) building construction</li> <li>(g) ground maintenance</li> <li>(h) public relations/media</li> <li>(i) cultural activities</li> </ul> <p>There should also be a representative of the Sunshine Coast University.</p> |
| 4.7 | "In the short term, it may be argued that these types of contractual arrangements ... can be                                                                                                               | Under a new corporation, new Memorandum and Articles of Association, with a more widely spread responsibility and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      | justified due to a shortage of appropriately skilled people and because of the close knowledge of the school held by the Directors."                                                                                                                                                                                                               | diminished temporal demands, the newly appointed members of the new governing council will not derive fees for professional services.                                                                                                                                                                                                                                                                                                                |
| 4.6  | "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."                                                                                                                           | It has long been the intention of present board members, an intention consistently communicated to staff and the school community, that they will, all four, resign from the governing body after their period of caretaker governance is over, with the ownership of the school changed, a new governing council in place, and a new CEO appointed.                                                                                                 |
| 2.4  | "The board appears unwilling to provide to the Co-principals the full extent of delegated authority associated with the principal of an independent school."                                                                                                                                                                                       | Under the leadership of the new CEO, the current co-principals will serve in a school executive team, where they can gain administrative experience, and contribute fully by way of consultation, in the formulation of plans, strategies and decisions.                                                                                                                                                                                             |
| 5.3  | "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."                                                               | No fees will be paid to members of the new governing council and the total of \$80,000 per annum currently paid to the present directors during the inter-regnum period, when such a heavy workload is required of them in their duties assisting the salvage and ongoing operation of the school, will be available in the future for alleviation of other shortcomings in educational provisions and resources.                                    |
| 3.10 | "The financial records and audited financial reports indicated that at least two directors derive substantial fees for services provided to the school additional to their directors' fees."                                                                                                                                                       | While the school has benefited from the present arrangements (noted in the Hall Chadwick 2000 report and available to the Assessors) the engagement of future consultants shall be a matter for decision by the new governing council. .                                                                                                                                                                                                             |
| 3.6  | "Recently some staff members made allegations through the Student Counsellor accusing s47(3) s47(3)(b) of sexual harassment. The Counsellor 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." | Strict adherence to the kind of protocol and procedures for sexual abuse and/or sexual harassment set down in section 3 of this response earlier shall continue to be followed.<br><br>Based on the child protection policy and the concept of harm, a separate new comprehensive policy, with staff and council input, will be established to deal with sexual harassment of both students and teachers. (Refer to later section of this response). |
| 5.1  | "The quality of the internal and external communications of the school board, if not significantly improved, will continue to cause damage to the school."                                                                                                                                                                                         | The difficulties of achieving openness and transparency with strong and independent levels of corporate governance were peculiar and specific outcomes of the Family Company governance under which the Directors were required to serve, and the difficult circumstances faced during s47(3)(b)                                                                                                                                                     |

|  |                                                                                                                                                                                                                                                                                                                                                |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>deregistration standing down and Appeals process.</p> <p>There will be open and honest communication with the various stakeholders and supporters in order to develop teamwork and a sense of shared responsibility.</p> <p>This will be the assigned task of the new CEO – principal under the direction of the new governing council.</p> |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Each of the new governing council members will be expected to play the role of "critical friend". The key appointments, to which very careful consideration must be given will be the Chairperson and the Business Finance Manager. These two persons will have to be, like the new Head of School, a combination of hard-headed practical "business" operator and visionary entrepreneur. These two appointees will need to have personal qualities, experience and skills which complement those brought to the school's regeneration process by the new CEO (see section 5.2 of this response earlier).**

**9.1. Some corrections and clarifications regarding the assessor's comments on the school's governance**

As previously pointed out, the assessors' reliance on unchecked "impressions" may lead to a perception of denial of natural justice, if opportunity is not taken now to make the kind of response that would have been provided if the Directors had been afforded the chance to do so before the report was written.

As in Section 6 of the response earlier, the methodology will be to first quote the relevant assessor's comment, followed in each instance by the response.

**"3.4 Corporate Structure/Ownership**

- (b) s47(3)(b) is the permanent Governing Director (ie. 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."

**Response**

***Choice of word "relinquish" seems odd and ambiguous and not in common corporate use. The Corporation Act processes provide for death, retirement and resignation. s47(3)(b) resigned his position as a Director and therefore ceased to be Governing Director and have the powers of that position as specified by the memorandum.***

***(Refer to the Memorandum and Articles previously provided to the Assessors.)***

"(c) In addition to s47(3)(b) there are four directors:-

Mr Malcolm McColm (Solicitor)  
 Mr Ross Johnston (Chartered Accountant)  
 Mr William Brewer (retired Bank Manager) and  
 Mr Stephen Beebe (Chartered Accountant)"

**Response**

***In light of the critical comments contained in the assessors' report, the failure to adequately describe the qualifications and experience of each of the four directors is a significant oversight. For example, the description of Mr William Brewer as "retired bank manager" does not adequately describe a person who was:-***

- ***General Manager of Westpac, Tasmania;***
- ***General Manager of Westpac, Western Australia;***
- ***General Manager for Westpac, Queensland;***

***being responsible for employing and managing thousands of staff for over 20 years and misrepresents the talents that he brings to the boardroom table of SCGS.***

***Similar comments apply to all other directors who each possess considerable experience and qualifications for holding such positions, and is, with respect, a shortfall in the assessors' report.***

"(c) The Chairman is Malcolm McColm, a position held since s47(3)(b) stood down."

**Response**

***Malcolm McColm has acted as Chairman from prior to November 2002 at the request of the other Directors. The articles provide powers for s47(3)(b) to appoint the Chairman. These powers have never been exercised.***

***(Refer to Memorandum and Articles previously provided to the Assessors)***

***"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 reside with the owners."***

**Response**

***The comment that authority to appoint directors resides with owners is incomplete. Directors can be appointed by the board and the appointments of McColm, Brewer and Johnston were done this way. Beebe's appointment occurred following retirement of D Yapp (former shareholder)***

***(Refer to Memorandum and Articles and Minutes of Meeting previously provided to the Assessors.)***

### **"3.7.2 Director's 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 \$20,000.00 pa each for the 2003 year. This amount represents a 100% increase over 2002."

### **Response**

***Due to the very difficult relationship with CBA which has been outlined elsewhere, and the extent of the debts, the directors assumed substantial risks in the position. Prior to the Board of Teacher Registration investigation, [s47(3)(b)] was the CEO of the organisation and managed the business accordingly. The role of the board was corporate strategy, financing matters, governance, guidance etc. Meetings were held generally monthly, with other communications co-ordinated by [s47(3)(b)] between months, as appropriate.***

***Following the BTR decision, the school did not have an authoritative CEO/Head of School and the board became involved in considerable details normally handled by an empowered executive. Further, this was combined with a host of planning issues which involved huge time commitments of the directors, two of whom operate professional practices. The option existed to appoint additional directors but at this time there was considerable doubt being expressed in the school community of the ongoing support for the school. Feedback from numerous sources suggested that many of the school students had been enrolled at other schools. There was speculation regarding whether [s47(3)(b)] would seek an appeal and perhaps return to the school, which was considered unacceptable by many in the community.***

***As a result of these issues there was considerable speculation regarding the solvency of the school and its capacity to operate in 2003, particularly if many students were lost. A meeting was held with the Parent Group in November 2002 at which some 700 people attended. Given these issues and uncertainties, the directors did not consider it reasonable to ask one or more additional individuals to take on the role as Directors. Throughout this period, the directors continued to receive annual fees of \$10,000 even though their contribution in time and effort vastly exceeded this remuneration.***

***The appointed Co Principals, whilst recognised as very good educators, were inexperienced in business and financial requirements for a school of the size of SCGS. Further, a liaison role of the board members with the broader school community became necessary. What was in an earlier time a meeting every month plus other communication, became meetings plus telephone and email communications many times a day to deal with issues that an experienced executive with a commercial appreciation of issues would normally have dealt with.***

***Notwithstanding these issues, the board did not alter the directors' fees until after student numbers exceeding the budget were achieved and certain loan and deposit arrangements were renegotiated with CBA and which provided cash flow relief well in excess of the increase in directors' fees.***

***(Refer to Board Minutes previously provided to the Assessors.)***

***With respect, the negative inference by the assessors regarding directors' fees is, in the circumstances, unreasonable.***

### **"3.10 Professional fees to directors**

The financial records and audited financial reports indicated that at least two directors (Malcolm McColm and Stephen Beebe) derived 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 solicitors services to the school and that the fees for service increased from \$22,039 in 2001 to \$59,811 in 2002, returning to \$24,000.00 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."

### **Response**

***Both Beebe and McColm were consultants/advisors to the school prior to being invited to join the board.***

***Johnston had been retired from Johnston Rorke for some 2.5 years prior to formally joining the board in November 2002***

***( Refer to ASIC records previously provided to the Assessors.)***

***It is surprising that the assessors did not make a favourable comment on the fact that at the time of the assessment, consultants fees had not increased in line with the additional workload required during that year.***

1.8 We also mentioned 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."

### **Response**

***SCGS is not the only school paying directors' fees. Such payments are in accordance with the Constitution of SCGS.. The assessors' comment ignores the massive emergency efforts by directors, some***

***of whom wished to resign for their own reasons but remained for the sole benefit, of the school. The school had an inexperienced executive and a range of issues relating to the bank guarantees and other stakeholders which were close to unique and required substantial time and effort to address. The fees paid did not provide appropriate compensation for the extraordinary efforts of the directors in an extraordinary situation. (Please also refer to the response to 3.1).***

"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) 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 the people to manage the implementation."

**Response**

***Considerable work on the budget occurred prior to the BTR decision and therefore it is misleading to state that the budget was prepared with assistance from s47(3)(b) at home.***

***It is pleasing that the assessors recognised the need to use the best information available including s47(3)(b) as appropriate, and that is what happened.***

***Although the co-principals had not actually been appointed to those roles at the time, they (as well as Craig Hardman) contributed significantly to the finalisation of the 2003 budget as follows:-***

- ***On 15 Nov 2002, a meeting involving Marquardt, Reason and Hardman on budget issues***
- ***On 18 Nov 2002, 2 telephone discussions with Marquardt regarding budget issues***
- ***On 27 Nov 2002, telephone discussion with Marquardt on budget issues***
- ***On 29 Nov 2002, 2 telephone discussions with Marquardt on budget issues***
- ***On 9 Dec 2002, telephone discussion with Marquardt on budget issues***
- ***On 13 Dec 2002, meeting with Marquardt re budget and financial issues***
- ***On 14 Dec 2002, emails to Marquardt and Reason regarding budget issues***

***The above details ignore the information, particularly in relation to staffing which was directed back from Marquardt via Hardman as well as the time which went into developing the budget with the information provided by Marquardt.***

***To claim that the co-principals, particularly Marquardt, did not have significant input into the budget process is quite incorrect.***

"3. Workplace Health and Educational Program Management

- 3.1 There are serious issues of workplace health and educational 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."

**Response**

***The board does not have a direct relationship with management, teaching and administration staff and the school community, other than through the Co-principals. The board has a prescribed relationship with the CEO, in this case with the Co-principals. The CEO then has relationships with the other groups. Managing relationships with teaching and administration staff is the clear responsibility of the co-principals. To misunderstand this is to misunderstand effective corporate structures. This is surprising given the experience and vocations of the assessors.***

***With respect, it appears that the assessors have not recognised the true and perhaps "unique" structure of SCGS. It is a proprietary company formed under the Corporation's Act with a specific and specialised constitution. In understanding the actions, rights, obligations and duties of the directors, this structure must be recognised as distinct and different from most (if not all) other schools.***

***Consequent upon the proprietary company structure of SCGS is the existence not only of limited guarantees by several third parties but also unlimited guarantees by the shareholders to the financier.***

***The directors' responsibility and consequent substantial legal liability exists in respect of their actions as directors not merely to other stakeholders, but also to those guarantors and shareholders.***

***The assessors do not adequately recognise these realities in their report and accompanying letter.***

***It is suggested that this recognition would resolve many of the dilemmas that faced the assessors in respect of issues such as relationships, directors' fees etc.***

- "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 a major weakness in the practices of the current board."

**Response**

***Concerns have been expressed but no details stated. The assessors have simply accepted and repeated the concerns even though the board has no role in relationships with teachers and parents. See previous response comments at section 6.2.1 on the issue of natural justice and procedural fairness. It appears that the assessors never spoke with representatives of the CBA, but chose to reply on unsubstantiated, ill-informed innuendo for their report, which innuendo, apart from being malicious, is clearly wrong, as checks would have revealed. The past year had seen significant achievements in the schools relationship with the CBA, which resulted in reductions in interest rates, and until the NSSAB review was announced, the expectation was that the school's file would be removed from the credit management.***

- "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 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."

**Response**

***In November 2002, the board lost its only executive director. The Co-principals were appointed for the 2003 year as the leaders of the school and the persons charged with implementing board decisions. They were the conduit for all communications between the board, the staff and the wider school community and the board sought and requested their support in that role throughout 2003.***

***It is very difficult for a board which correctly has no formal relationship with staff to counter an agenda wherein the executive constantly criticise the board, release confidential information without fully explaining circumstances. At a meeting with teachers, one teacher stated that it was very worrying for him and he was concerned for his position and career, because of the constant negative nature of the communications from the executive. It is no wonder that there is a distrust of the board, and for the same reason there is real distrust of the executive. The executive have not co-operated with the board since early in the year. It is unfortunate that the co-principals have maintained their separate agenda and have been prepared at times to spread negative views and impressions of the board to the staff.***

***The assessors also reiterate the theme about s47(3)(b) involvement in school affairs, which lends force to a totally false and unsubstantiated perception.***

- "3.4 In interviews with teachers it was claimed that there is a climate of fear among staff members in the school. The cause seems 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 the board would be seen as disloyalty to the school, with the likely consequence being loss of employment."

### **Response**

***There were 2 terminations after the end of the 2002 year. The first was s47(3)(b) as discussed above. The second was the former aide/international students liaison officer also discussed earlier. The other staff terminations which occurred leading up to the end of the year were decisions actioned by the executive and related to L.O.T.E. changes and the termination of incompetent staff.***

***The assessors performed their work over the four months prior to submission of their report in August 2003. No termination of employment has occurred in 2003 within the description referred to by the assessors.***

***It is submitted that the above facts do not support a rational "climate of fear".***

***The assessors' comments provide no facts or justification, but merely repeat perceptions. No evidence has been provided regarding the comment about disloyalty to the board. Once again, "impressions" that have not been adequately cross-checked have formed the basis of highly critical report comments constituting part of the basis on which the NSSAB has proceeded with show cause action.***

"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 of 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."

### **Response**

***It is the responsibility of the executive to manage the human relations function at the school. The co-principals have significantly contributed to the existing attitudes at the school. The board has raised with the co-principals concerns regarding reductions in staff and student standards. Parents have contacted the board and expressed concerns regarding the attitude of teachers. These are***

***matters for the co-principals to address, and the board rightly expected this to occur.***

***Further, the board is concerned that recent allegations have been made by more than one staff member in respect of harassment and discrimination by one of the co-principals. The board has previously counselled both Co-principals regarding such action and the harm that may be caused to staff and claims that may be instituted against the school.***

"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 to 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."

### **Response**

***This summary, as stated by the assessors, is wrong and as stated is very damaging to the directors. It is therefore very surprising and disappointing that these comments are included in a report as these issues were not discussed by the assessors with the directors at any time. Had the assessors raised this important issue with any of the directors, they would have become aware of the true facts and could also have been supplied with a copy of the written record taken at the time the relevant events occurred.***

### **The facts are:-**

- ***The co-principals issued a letter to the directors dated 26 March 2003 regarding a number of matters which were concerning them;***

***On 7 April a special board meeting spanning some 4 hours was held to discuss the co-principals' concerns. During that meeting, a letter by [s47(3)(b)] – head of student support services dated 31 March 2003 was tabled by the co-principals. The directors were extremely concerned about the issues raised to [s47(3)(b)] and were determined to ensure that proper action was taken to resolve these issues in the interests of the individuals concerned, and the school community as a whole. A resolution of the meeting was that the [s47(3)(b)] letter required full consideration and that [s47(3)(b)] was to attend and report at the next board meeting.***

- ***The Directors met with [s47(3)(b)] on 6 May 2003 for 2 hours, 20 minutes during which [s47(3)(b)] provided brief details but maintained total confidentiality in relation to the staff involved. The meeting concluded with:-***
  - ***[s47(3)(b)] being requested to submit a report/recommended action in relation to complaints***

**and confirmation of any desire to pursue the complaints further;**

- **Recommendation on the establishment and implementation of sexual harassment policies and processes**
- **The directors stating "that any person wishing to pursue a complaint will receive appropriate support from the board and the school to ensure that appropriate outcomes are achieved."**
- **s47(3)(b) advising that she would consider the requests and discuss.**
- **On 15 May 2003, Malcolm McColm forwarded an email to s47(3)(b) requesting that she instigate the action discussed at the meeting on 6 May**

**When no response was received by s47(3)(b) she was again contacted by Malcolm McColm to advise on the outcome of the meeting on 6 May 2003 and the board's recommendations. She advised that she had fulfilled the requests of the board to her but there was no person who was willing to make any statement, complaint or lay any information before the board, or who wanted the issues pursued by the board in any manner.**

**At this point in time, the directors therefore had no information on which to proceed with any complaint or investigation and a clear statement that should any enquiry be commenced, the relevant persons (whose names have never been disclosed to the directors) would not admit that any such events had occurred. It was therefore impossible for the board to proceed with any action.**

**It should also be noted that:-**

- **The issues were raised by each of the persons in private counselling with s47(3)(b)**
- **Contrary to the inference in the assessors' report, none of these incidents were recent;**
- **All incidents had occurred quite some time before s47(3)(b) had spoken to the directors and one incident had occurred many years ago;**
- **One of the relevant persons had ceased employment at the school long before the matter was raised with the directors and when requested by the board to do so, s47(3)(b) could not even make contact with that person;**

**Therefore it is wrong to state that the board did not offer support to the complainants. This was offered on more than one occasion.**

**In summary, despite every effort by the board to have this matter properly addressed, for some inexplicable reason, s47(3)(b) chose not, or could not, provide the specific details necessary for the allegations to be pursued.**

Real

***The board finds the handling of this issue to be most offensive, particularly as the assessors had many opportunities to discuss the matter with the board.***

"4. Perceived Conflicts of Interest for Directors

- 4.1 At least two directors (Malcolm McColm and Stephen Beebe) derived 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 If 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. 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 serving as a director on the board of a client of the company."

**Response**

***In September 2000, Hall Chadwick (Don Langdon's firm) was engaged to conduct a review of SCGS. This included a review of financial management and corporate governance. The report, prepared by the firm's Education Specialists, provided positive comments on the abilities and independence of the Directors. The report made favourable comment upon the then existing consultative relationship between Beebe and SCGS and the benefits derived by the school from that relationship. The relationship commented upon by Mr Langdon's firm at that time is precisely the same as the relationship which existed between both Beebe's and McColm's firms and the school at the time of the assessors' report. The September 2000 report recommended the appointment of a person with legal expertise. Subsequently, the board appointed Malcolm McColm. In relation to Beebe's involvement, the report noted his role as a professional consultant and advised that they considered the "nature and extent of his involvement to be appropriate and positive".***

***Why the assessors, Mr Langdon in particular, chose to ignore or disagree with these comments suggest a partial attitude.***

***The relationship between Mr McColm's legal firm and the school remains the same as it did before Mr McColm became a director.***

***The heading for this section of the report commences with the word "perceived" and that word or a derivative of it appear not less than five times throughout paragraph 4 alone of the assessors' letter dated 18 August 2003. With respect, this would appear to be another example of the assessors relying upon impressions rather than facts.***

***A reliance upon impressions or perceptions can be very dangerous. For example:-***

- (a) If either of the assessors accepted a fee for independent consultative work to SCGS to remedy issues raised by their assessment, and after their report had been submitted, would this be a conflict of interest?***
- (b) If one of the assessors' firms acted on behalf of SCGS to effect a change of ownership so as to meet the requirements of NSSAB for a substantial success fee (potentially hundreds of thousands of dollars) would this be a conflict of interest?***

"4.5 While some of these fees related 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 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 interest of the owners, a position on the board and payments for professional services rendered by some board members."

#### **Response**

***The role of assessors should be to assess, not simply to repeat allegations. The facts are very simply that the school did not pay Burgess' legal fees. The records were available from McColm's office to show that [s47(3)(b)] legal fees have not been paid via McColm Matsinger. The comment by the assessors in the absence of some analysis of the facts can be criticised as lacking in professional courtesy and procedural fairness.***

"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."

### **Response**

***In the absence of an executive director, the board has by necessity had to chiefly rely upon the good and effective communication of the Co-principals as executive heads to the staff and the wider school community. The board recognises that this has not occurred in 2003.***

***The board has taken steps to remedy this by the appointment of a new Head of School for 2004.***

***The objective should be a strong and capable CEO who does fulfil the role of executive leader, who acts in the long term interests of the organisation. Then the board can go back to being a body which monitors governance, develops corporate strategy and approves and monitors budgets.***

***(See Section 5 earlier on role prescription of the Chief Executive Officer)***

***In respect of the recognition of staff, this has occurred in various ways and on several occasions during 2003. For example, in an address to the assembled staff meeting on 24 July 2003, the sincere thanks for the extraordinary efforts of the staff by all members of the board was stated before any other business was discussed at that meeting. Other meetings of staff and meetings of parents have recognised overtly "the dedication and determination of the staff" at times long before the assessor's report had been formulated.***

***It would appear that here yet again the assessors have relied upon statements given to them by staff without raising these matters with the directors and enabling a balanced content to be inserted into their report.***

"8. (paragraph 3)

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."

### Response

***The words contained in the previous response refer in significant part to this statement also. Without an executive director, the board has throughout 2003 relied upon supportive communication of its position to the school community by the Co-principals.***

***It would be very unusual for boards to communicate directly to the community – usually only in unusual circumstances and perhaps during an address at speech night. The structure of a corporation has the CEO/Head of School as the communicator of corporate/school direction and issues. However, notwithstanding these comments, directors of SCGS have addressed numerous gatherings of staff and parents over the last 12 months By request, and in conjunction with, the co-principals.***

#### 9.2. Future Direction

Notwithstanding the commentary above, the NSSAB's objectives align closely with the directors' objectives and stated position, being:

- the school requires a change of ownership urgently
- the directors of the organisation need to be changed and the number of directors expanded
- a new Head of School with appropriate qualifications and skills and suitably empowered by the board must commence at the school from the commencement of 2004.

As has been outlined above, the fulfilment of these objectives commenced prior to the issue of the Show Cause and Compliance Notices, particularly:

- a process to effect a change of ownership is well advanced by William Buck
- the Head of School Selection Committee, chaired by Dr Evans, has finalised its deliberations and provided recommendations to the board
- the change of ownership will allow the existing directors to retire from their positions.

It is the strong desire of the board to encourage the progress of these actions for the continuing benefit of the school students and staff in 2003 and future years.

**This is the key issue for all parties associated with Sunshine Coast Grammar School.**

#### 10. ISSUES OF NATURAL JUSTICE AS THEY RELATE TO THE ASSESSOR'S REPORT AND ACCOMPANYING LETTER

In considering this response to the Show Cause and Compliance notices, issues relating to natural justice and the process of assessment need to be considered.

In this regard, there are two distinct, but co-related, issues:-

- (a) disclosure of underlying concerns;
- (b) accuracy of assertions.

#### 10.1. **Disclosure of underlying concerns**

The assessment of SCGS was initiated because NSSAB had received information that the school may not be complying with accreditation criteria and the governing body may not be suitable to continue.

Despite repeated requests for disclosure of this information to the school (refer to letters to assessors and/or NSSAB dated 30 May and 19 June 2003) the school was not given the opportunity to be aware of those concerns or to respond to the accuracy, truth and substance of the information.

The assessment therefore occurred in circumstances where the core allegations were hidden to the parties being assessed but were known to others.

It is submitted that such a process is deeply flawed by removing the essential and primary principles of natural justice and unfairly exposes the assessors during the completion of their duties to factors that may result in bias and unfairness. This is because an advantage exists when one party is aware of the cause of an enquiry and disadvantage exists when a party is not aware of the cause of an enquiry.

To conceal relevant facts regarding the cause of an enquiry is to deny natural justice to those who are the subject of the enquiry.

The directors were concerned at the lack of due process and the failure to adhere to basic principles of natural justice by disclosing the information on which NSSAB commenced its investigation of the school, and unsuccessfully attempted to have this remedied in the correspondence with NSSAB referred to above.

This failure to comply with the principles of natural justice will only be remedied when that information has been disclosed to the school and the school has had the opportunity to respond to that information in the context of the assessors' report.

This failure is still capable of being remedied, and should occur before the issues raised by the Show Cause and Compliance notices are disposed of.

#### 10.2. **Accuracy of assertions**

The process referred to in 10.1 above permitted members of the school community and others to feed to the assessors allegations and assertions which tended to support the information that formed the basis for the assessment by:-

- Targeting specific areas of concern known to NSSAB;
- Supporting these undisclosed concerns with a series of perceptions and impressions rather than with facts.

On the first day that the assessors attended at SCGS, it became immediately apparent that some within the staff had knowledge of the undisclosed information held by NSSAB and were aware of the assessment process to a greater degree than were the directors.

From the content of the report and the accompanying letter, it is clear that the assessors received from these persons impressions, perceptions, feelings, fears and allegations rather than facts.

Also, it is evident that a number of issues raised by these persons, apparently critical in the minds of the assessors, were never discussed with the directors. It is respectfully suggested that this crucial oversight may be a consequence of the flawed process.

This converted a theoretical lack of natural justice into actual unfairness and possible inaccuracy in the content of the assessors results.

From statements made by the assessors, it was anticipated that after compilation of the report and before presentation to the NSSAB, a meeting would be held with the directors and the assessors for the purpose of ensuring the accuracy of the content of the report.

While this meeting was mooted by the assessors, it did not occur.

By so doing, the last opportunity to implement principles of natural justice, before presentation of the report and subsequent decision making by the NSSAB was irretrievably lost.

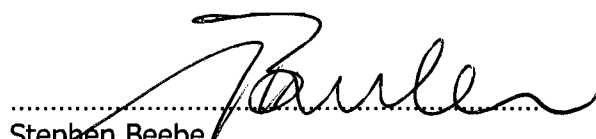
It is therefore suggested, that much of the content of this response, if processes had been different, would have come to the assessors' notice before compilation of their report, and may have resulted in other outcomes than have occurred to date.

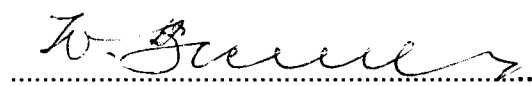
It is respectfully submitted that this should be a continuing concern for NSSAB until the issues raised by the Show Cause and Compliance notices are disposed of.

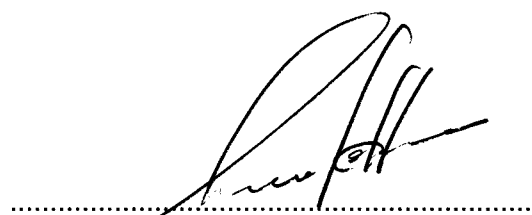
**Note of Confidentiality**

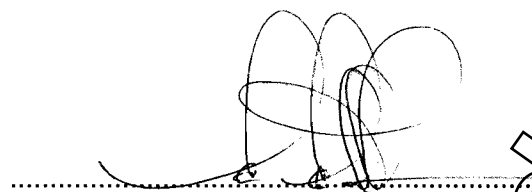
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Signed by the Directors

  
.....  
Stephen Beebe

  
.....  
William Brewer

  
.....  
Ross Johnston

  
.....  
Malcolm Donald McColm

Released under the  
RTI Act by DET