

Governance Forum Q&As



Governance

What is the PMSA doing to improve governance?

The PMSA has engaged the Australian Institute of Company Directors (AICD) to undertake a governance review. We believe this review is one of the positive steps the PMSA is taking to improve our governance, increase our transparency and build confidence with our school community. Although the PMSA has undertaken governance reviews in the past, this is the first review that seeks stakeholder feedback. For more information on the governance review process, please visit the [Governance Review page](#).

What is the difference between the PMSA Council and each of the School Councils?

The PMSA Council is the Board of Directors and the overarching governing body for each of the four schools. The Council has overall financial and legal responsibility of the PMSA and PMSA schools. Each School Council is responsible for overseeing the operations of their relevant schools.

The PMSA Council's role includes (but is not limited to) determining, reviewing and maintaining the vision of the PMSA; approving strategies, annual budgets, and expenditure; appointing Principals, School Chaplains and School Councillors; overseeing organisational risk and checking financial and non-financial reports; and undertaking other monitoring and activities to ensure the organisation is properly managed.

*The PMSA Council delegates the responsibility for the administration and performance of each school to the School Councils which are committees of the PMSA Council. The School Principals report to these School Councils and have operational responsibility for the schools. Some of the delegated duties of the School Councils include (but are not limited to) ensuring the operation, maintenance and development of the school; implementing the PMSA strategic plan in the context of the school's own strategic plan; and investing money. For more information on the PMSA Council and School Councils, please visit the **PMSA Organisational Structure** page.*

How are the PMSA Councillors appointed?

The PMSA Councillors or Board of Directors comprises up to 15 Councillors. The PMSA Constitution provides that up to six Councillors are appointed by the Presbyterian Church and up to six Councillors are appointed by the Uniting Church. Up to three Councillors are also appointed directly by the PMSA Council. All PMSA Councillors must be members of either the Presbyterian Church or the Uniting Church.



How are the School Councillors appointed?

Each School Council is a committee of the PMSA Council and includes the school's Principal, up to three PMSA Councillors, and up to four independent Councillors. The independent Councillors are selected from applicants sought from a number of areas including the AICD director career service and the school's wider community. The School Council seeks and recommends prospective School Councillors who are appointed by the PMSA Council.

Do PMSA Councillors receive lifetime annuities or other financial benefits for their service?

No. PMSA Councillors do not receive any remuneration or lifetime annuities for their services. All members of the PMSA, our Committees and School Councils are volunteers. PMSA By-Laws state that PMSA Councillors may be reimbursed for travel and other expenses incurred in the performance of their duties for the PMSA, and the reimbursement regime is according to written policy. Like many others schools, children of PMSA Councillors, PMSA staff, clergy and ministers of the Presbyterian or Uniting Church who attend PMSA schools may have annual tuition costs discounted by 33.33%.

Does the PMSA plan to merge the schools to make one single entity?

No. The PMSA commissioned Deloitte to identify possible opportunities to strengthen the overall cost-efficiency of schools' back-office administrative support functions. There was never any intention or recommendation to merge any of the PMSA schools. Each PMSA school is unique and individual, but shares with each other their collective values as well as their knowledge and expertise to enhance the educational experience across all schools. The PMSA has no plans at all to make the four schools one single entity.

What reporting does the PMSA do?

Under the current governance structure, the PMSA meets all reporting requirements. The reporting of information to stakeholders is an area that will be explored in the current governance review. The PMSA currently reports annually to the Australian Charities and Not-for-profit Commission (ACNC) to demonstrate that PMSA is operating appropriately as a charity and is meeting its obligations under the ACNC Act and the ACNC Regulation.

The PMSA discloses information about how they have expended, or committed to expend, all funding received from the State Government for the relevant purposes to the Non-State Schools Accreditation Board (NSSAB) annually, in accordance with section 374 of the Education (General Provisions) Act 2006 (Qld). This information is then reported to the Department of Education.



The PMSA also provides NSSAB with Cyclical Review Data and documentation that assists NSSAB in monitoring compliance for accreditation and eligibility for government funding (Cyclical Review Data). The PMSA also reports annually with information to the Workplace Gender Equality Association with information that helps build a comprehensive national picture of gender equality challenges in Australia.

In the interest of transparency, the PMSA website contains the following information – PMSA Constitution and By-Laws, an outline of the PMSA’s governance structure, PMSA Councillor biographies, the PMSA Strategic Plan, PMSA Annual Reports which are audited by KPMG, links to school Annual Reports, links to MySchools reporting information, and links to Annual Information Statements listed on ACNC.

*The PMSA is not required to and does not currently provide financial information for each school. The PMSA’s schools are part of the one single legal entity which is the PMSA. Each school is therefore “backed” by the financial resources of the organisation as a whole. The PMSA also reports annually to the Presbyterian Church of Queensland and the Uniting Church of Australia Queensland Synod. For more information on the PMSA reporting, please visit the **PMSA Annual Reports** page.*

Does the PMSA commit to all changes recommended by the ACNC?

The ACNC has not made any change recommendations. To explain the background, the PMSA received a letter from the ACNC in December 2017 following a complaint that the PMSA had distributed funds and provided financial support in a manner that is not in line with ACNC principles and ATO/ACNC guidelines. The ACNC asked the PMSA to respond and the ACNC has been satisfied with the PMSA’s response.

Will the PMSA release ALL of the findings of the governance review to the public, if not, why not?

The AICD and the PMSA intend to provide a summary of the AICD’s main findings for public release.

What accountability mechanisms are in place for the school to be responsive to parents as a stakeholder group?

The PMSA Councillors are currently exploring a range of policy improvements with supporting procedures and delegations to ensure that the right level of accountabilities is in place. Each school differs and expectations of parents vary. We are seeking an approach that works consistently for all schools. The PMSA will await the governance review recommendations and seek to implement new procedures that are aligned with these recommendations.



Are you only being transparent as a result of a crisis?

The PMSA acknowledges the circumstances that occurred in 2017 were unexpected, and ones for which the PMSA was unprepared. However, based on the information that the PMSA had at the time, the PMSA acted in a timely manner with what they believed to be in the best interests of the staff and students given the difficulties and sensitivities involved. The PMSA also acknowledges that without sharing all details and complexities of the situation involved, it is difficult for the community to understand why and how the PMSA acted in the way we did.

The PMSA is working towards building and maintaining relationships with the community. In circumstances like these, however, commercial sensitivities, as well as strict obligations under law limit what information we can share. This is not unusual and consequently, whilst disappointing and frustrating, we ask our communities to understand, tolerate and respect this. In terms of fostering a spirit of continuous improvement, the PMSA has learned from this situation and has prioritised a body of work which includes a full review of our risk management framework as well as our governance and communication policies and processes. With the help of external and qualified advisors, this undertaking is occurring in partnership with the Principals and School Councils and presents as a great opportunity for the entire community to benefit from the greater confidence the new improvements will provide.

Once you have adopted a new governance structure, how will the PMSA know you have got it right?

We are confident that the governance review recommendations will be modern and suit the PMSA's governance needs. We also understand, however, that governance best practice is constantly evolving and requires ongoing review. The PMSA will continue to review our governance to ensure it remains up to date.

Constitution

What is the current status of the PMSA's Constitutional Working Group activity?

The PMSA established a Constitutional Working Group in 2015 and over the past three years, has considered and debated a number of significant issues affecting constitutional reform. Members of both churches, PMSA Councillors and staff from the PMSA Corporate Office have all contributed as part of this Working Group during this time. More recently, the Constitutional Working Group has met to consider community feedback. In order to ensure the best possible outcome, the PMSA, the churches and the Constitutional Working Group will not make any final determinations upon recommendations until after the governance review is complete. Reflecting the ongoing ownership structure, all recommendations will require equal agreement and support by the churches and the PMSA Council.

Will the PMSA Constitution be reviewed?

The Constitutional Working Group is currently working through a range of possible improvements with the aim to amend the PMSA Constitution.



Who is on the Constitutional Working Group?

The Constitutional Working Group comprises members of both Churches, PMSA Councillors, and staff from the corporate office. It is one part of a series of reviews that the PMSA is undertaking.

How do parents have a voice into the work of the Constitutional Working Group?

Parents do not currently have a voice on this working group. We will put it to the Working Group to see if they would consider this a valuable addition to the process. The PMSA Councillors on the working group includes past and present parents and also have strong knowledge of the PMSA Constitution and Constitutional law. They have the ability to influence and make recommendations to the Constitutional Working Group, and this has been the experience of recent times.

Is there independent advice for the Constitutional Working Group?

There is currently no independent advisers on the Constitutional Working Group.

Will you release the findings of the Constitutional Working Group?

The Constitutional Working Group is working through a range of issues and changes to improve the current PMSA Constitution to ensure that it is updated to meet the PMSA's current needs. There are no real findings from this Working Group as such. The purpose of the group is to remove principles that are redundant and modernise antiquated components. We will communicate actions of this Working Group as they progress.

School Councils

Will the PMSA allow independent School Councils at each of its four schools?

The PMSA owns four schools which are all part of the larger PMSA group. The PMSA recognises that each school is separate and individual and we value and defend the independence and uniqueness of each. But together as a part of the PMSA group they can achieve things they can't do alone. Therefore, the PMSA is trying to find the right balance between, on the one hand, fostering the individual character of each school, while on the other hand, leveraging the combined strengths of the PMSA group in pursuit of the PMSA's mission. Benefits of a group of schools include knowledge sharing: consultation, communication and collaboration; shared learnings on the pathway to continuous improvement; policy development; teaching frameworks and leadership development; cost sharing and other organisational requirements; and banking arrangements.

Each School Council is separate and independent of each other and currently has up to three PMSA Councillors and up to four independent Councillors who are not PMSA Councillors. The school Principal and school Business Manager also attend and participate in their respective School Council meetings.



Each School Council plays an important part in developing both the PMSA's strategic intent and the school's strategic plan. One might be surprised at how much the School Council does and is responsible for. They are part of the organisational fabric that enables the operations of the schools to be governed within their unique and differentiating qualities. The PMSA Council sets the overall strategic intent and the School Councils incorporate this intent as they develop each school's strategic plan.

Each School Council works with the PMSA Council to achieve the educational outcomes they aim to achieve for the benefit of the students. The Charter of each School Council has been designed to meet the requirements for ensuring the governing body can best service overall governance, risk management and financial accountability. The Charters have significant room for movement in delegations, areas of focus and ability to evoke and foster educational outcomes and are under governance review.

Why are school parents not considered for our School Councils?

Though there have been exceptions, generally the PMSA convention has been that current parents should not be on the School Council of their child's school. One of those recent exceptions is Jim Demack taking on the Chair of the Somerville House School Council. Two current PMSA Councillors are current parents and several are past parents. Several current BBC School Councillors are also past parents at BBC.

The PMSA does not have any preconceived position on this and can understand arguments both for and against current parents being on the School Council. Appointments to the School Councils are according to a skills-based nomination process rather than any other basis.

The PMSA doesn't preclude current parents holding positions both from a community point of view or a PMSA point of view. This is something that the governance review is looking at and we are keen to listen to the community's views.

Other schools in Brisbane have independent School Councils that work well. Why can't our schools each have independent School Councils that are not dominated by PMSA Councillors?

Other schools that have independent School Councils are structured differently from the PMSA and are not a part of a larger group of schools. PMSA schools have always been a part of a larger group – the PMSA – and they are owned and operated by the PMSA.

So to work, does the School Council always have to agree with the PMSA Council to work?

No it does not.



How are the perspective of boarders represented on the School Councils?

Each school Principal participates in their respective School Council meeting and represents the needs of the parents and students of their school, including the boarders and their parents.

PMSA Councillors

What proposals are being looked at, going forward, to ensure that there is a good solid representation of appropriate skills on the PMSA Council (Board) & respective School Councils (Boards)?

The AICD is reviewing this topic including the nominations process and the shape of the existing PMSA Council and School Council skills matrix. The AICD is examining what is an appropriate mix of skills, experience, qualifications and backgrounds for each of the School Councils as part of their review (Issues Paper - Issue #7), as well as the number of PMSA Council representatives that should sit on each School Council (Issues Paper - Issue #10).

We agree that the right mix of skills is important. The past and present Councillors hold a wide range of qualifications including business-based and education qualifications. The churches and the PMSA Council use a skills matrix to draw the right mix of appropriately qualified and experienced people for both PMSA Councillors and School Councillors. Overall the combined qualifications and life expertise of each and every Councillor in the management of a business process is significant. We do not believe that the certificate or the paper which evidences the degree is a basis on which assess someone's ability to contribute and bring value. It is how they have applied their learnings, the environments in which they have operated and their overall ability to apply themselves to complex business challenges that include finance, assets, legal systems, governance, property, human resources, technology, health and well-being and environment.

What about obtaining gender balance on the boards?

The PMSA does not discriminate on gender in relation to PMSA Councillors or School Councillors. The AICD's general recommendation is for ASX 200 boards to contain at least 30% female members. The PMSA Council currently has four female Councillors of a total 11, which comprises 36% of the PMSA Council. Appointments to the PMSA Council and School Councils are according to a skills-based nomination rather than any other basis.

Does the PMSA Council advertise for new Councillors?

The PMSA does advertise for the PMSA Councillors, School Councillors, and for specific roles on the committees through the AICD and other channels when required.



Are any PMSA Councillors, in particular Greg Adsett and Jim Demack, going to stand down and make way for new Councillors as a gesture of repairing the relationship between current, past and future parents of Somerville House?

No PMSA Councillor will be stepping down or will be stood down as a result of the events at Somerville House in 2017.

Can the governance experience of each of the PMSA Councillors be disclosed and if external governance consultants are being engaged their name and terms of reference?

All Councillors' experience and qualifications are publicly shared on the PMSA website under PMSA Councillors. The names of the external governance consultants are at the discretion of the provider performing the work. We have confidence in the AICD and the people they have appointed for this program of work. The AICD's terms of reference are published the governance review page and in the Issue Paper.

In requiring Councillors to be members of the Presbyterian Church or the Uniting Church does this not limit us in getting capable people on the Councils?

This question implies that the pool of talent is less and also that church members are not as qualified as other people, which is not the case. The PMSA is a mission of the two churches and Councillors need to ensure they apply their Christian mission with good faith in all their decisions and actions. In saying this, however, one change the PMSA's Constitutional Working Group is exploring is the interpretation of "practising" to allow other Christian mission based individuals to apply for the three independent PMSA Councillor positions.

What remuneration is paid to Councillors including discounted schools fees?

There is no remuneration for PMSA Councillors. PMSA Councillors and School Councillors may be reimbursed a travel and other expenses allowance to cover expenses incurred in performing their duties for the PMSA. Councillors can choose not to accept the allowance. In 2017, PMSA Councillors received \$2,526 per year reimbursement while School Councillors receive \$1,258 per year reimbursement. Like many others schools, children of PMSA Councillors, PMSA staff, clergy and ministers of the Presbyterian or Uniting Church who attend PMSA schools may have annual tuition costs discounted by 33.33%.

What happens to those who do not have students at PMSA Schools? Is there any remuneration for them?

There is no additional remuneration for PMSA Councillors who do not have children at PMSA Schools.



How many PMSA Councillors have education qualifications and experience?

There are two current PMSA Councillors with education qualifications – Mr Con Graves and Mrs Margaret Berry. All four school Principals, who are highly-qualified educators, also attend PMSA Council meetings, School Council meetings and the PMSA’s Education & Pastoral Care Committee meetings and are key advisors to the Council on education. There are many key skill areas that all boards require and all board members must contribute their unique skills and experience to provide a broad range of skills.

Who are the people within the two Churches who make the appointments to the PMSA Council and how does the process work?

The Uniting Church has the Uniting Church Schools and Residential Colleges Commission which identifies, selects and appoints people to the PMSA Council. Possible candidates are interviewed by at least two members of that Commission who are aware of the skills needs of the PMSA Council from the PMSA skills matrix. The appointed person is put forward at the Commission’s board and approved by that Board. The recommended appointed person is then approved by the Synod Committee which is a part of the Board of the Uniting Church of Queensland. The Presbyterian Church of Queensland interviews prospective candidates, makes a recommendation through the subcommittee and then votes on the appointment at the Church Assembly.

Will the governance review address the matter of Councillor tenure?

Yes. The governance review and the Constitutional Working Group are reviewing the tenure of PMSA Councillors and School Councillors.

AICD Governance Review

What opportunities have past students got to contribute to this process?

All school bodies and individuals have been given an opportunity to be involved in the governance review process by making a submission to the AICD’s Issues Paper. Past students have also been invited to attend the governance forums through Old Collegians / Girls Associations. Representatives from each of the school bodies (Foundations, P&F, Old Collegians / Girls) have also had the opportunity to participate in the AICD’s extended consultation process.

Why is AICD not present at the forum?

The governance forums held at the schools were not a part of the AICD process, rather an initiative of the PMSA to address key questions and listen to the community. The learnings that the PMSA Council has gained from the forums have allowed the PMSA to ensure that as we work through the process with the AICD we are conscious and reflective of the community’s needs.



Why is the scope of works of the AICD governance review so limited?

The PMSA does not consider the scope of the AICD's governance review limited. The AICD's review covers matters of governance within the existing parameters set by the PMSA's constitution. The constitution was left out of the AICD's scope as the PMSA is unable to change this without agreement of the Presbyterian and Uniting Churches. The PMSA set up a Constitutional Working Group in 2015 to work on constitutional change.

Who set the Terms of Reference for the AICD?

*The terms of reference or 'Statement of Work' have been set by the AICD with input from the PMSA. The PMSA's Constitution has not been included in the AICD's review as this cannot be changed without the agreement of the churches. These AICD's terms of reference are published on the **Governance Review** page.*

Is there going to be any further opportunity for parents and the school community to provide feedback to the PMSA during the governance process?

Representatives from each of the school bodies (Foundations, P&F, Old Collegians / Girls) have had the opportunity to participate in the AICD's extended consultation process. If parents and the school community would like to provide further feedback to the PMSA during the governance process, please email communications@pmsa-schools.edu.au.

Why have a select group of parents been invited by the PMSA to have a personal meeting with the PMSA? Have they been asked to join the Working Party?

Some parents have expressed a special interest in matters affecting PMSA operations and have contacted the PMSA to discuss their concerns. In addition, in an address by Greg Adsett published in all school newsletters in early Term 1 about the governance structure, and through the Principals, the PMSA asked of the school community "if you are interested in being involved in this reform process, you can contact me [the Principal] or contact the PMSA corporate office directly". Several parents contacted the PMSA following this invitation. Their experience and technical backgrounds together with their first-hand knowledge of the schools has been immensely helpful to the PMSA. We thank them for their assistance. If anyone would like to become involved, please contact the PMSA Corporate Office on communications@pmsa-schools.edu.au. There is no "Parent Working Party" as such. The PMSA has an internal Working Group which is made up of PMSA Councillors and PMSA Corporate Office staff. Other members involved in this group at various times have included these parents as well as Principals and Business Managers.

What was the AICD's involvement with the PMSA in 2014 – particularly in relation with the Strategic Plan 2015 – 2018? Will this impact their current position in conducting the governance review?

In 2014, PMSA Councillors undertook some governance training with the AICD to improve their skills. This was outlined in the PMSA's 2014 Annual Report. The AICD was not involved in any way in the development of the PMSA's Strategic Plan 2015 – 2018.



Communication

What are the open channels available to parents to participate in School decisions and governance processes?

We understand from the recent events that there are not clear communication channels for parents to make contact directly with the School Council or the PMSA, and indeed who is best to contact if they want clarity on school decisions or governance processes. Each school has a grievance / complaints policy. Examples of how they can get involved include approaching the Principal or School Executive, getting involved in the P&F, School Foundation, Old Collegians / Girls, or have a say in consultation processes like this governance review.

The current governance review process highlights a need to better define delegations, procedures and process so as to support the policy framework. We are actively working with the schools to achieve this. We anticipate and believe in open School Council bodies, a group of people who are actively able to engage and listen to school matters with an intent to provide solutions. A School Council should be accessible to share issues and ideas with, and seek clarity, guidance and understanding about decisions if required. Going forward, we hope to resource the School Councils appropriately to support a higher level of communication. We would do this without taking away from the important role of the school Principal, P&F, Foundations and Old Collegians / Girls Associations.

Although the governance review may make recommendations in this regard, we are also internally looking at developing an ongoing PMSA Community Stakeholder Panel or a School Reference Group.

There's confusion with the different terminology used – stakeholders, school community, parents, etc. Can you clarify the PMSA's use of these words?

We understand the complexity with the language used. Below is how the PMSA defines the use of these words. Some of these definitions were also included in the Glossary of the AICD's Issues Paper.

Stakeholders – generally these include anyone with any interest in the PMSA and our schools who are affected by the PMSA's actions – current and past students, parents of current, past or prospective students, donors, staff and the appointing churches.

School Community – this is interchangeable with stakeholders and includes anyone with a vested interest in the PMSA and PMSA schools – current and past students, parents of current, past or prospective students, donors, staff, the appointing churches and the broader community.

Parents – these are parents of current students at PMSA schools.



As a current parent and a past student, what information I am entitled to? Am I a customer, shareholder or stakeholder?

As pointed out in the AICD's Issues Paper, this issue is not as straightforward as it is for other organisations. As parents of enrolled students, the PMSA understands that you place a high degree of trust that your children are in a safe environment. We understand tuition fees are a considerable investment and time dedicated to the school gives parents a sense of ownership over a school. As a past student, you may also have a deep sense of connection, loyalty and ownership to your school. But as parents or past students, you are still not a legal owner and do not have a residual claim on the assets of the PMSA or have voting rights like a shareholder in another organisation.

We do believe, however, that going forward, the PMSA Council and the School Councils can increase transparency by improving communication with the school community. We are continually working on this. We also believe that you a stakeholder with great interest and sense of connection with the school, and also a customer whom we want to keep. We do understand and respect that you have chosen a PMSA school over other schools.

How is the PMSA going to communicate the different character and value propositions of each of the schools?

The PMSA is working at communicating better with the school community and particularly focussing on the common values that all the PMSA schools share. Each school will continue to communicate their different character and value propositions they offer.

Why has the PMSA not responded to all questions posed to it?

The PMSA has endeavoured where possible to answer all questions posed. We have done so in the spirit of good faith and transparency so that all our stakeholders can confidently know that the PMSA is working hard to ensure our schools operate under the best direction and governance system possible. Questions in this Q&As have been grouped by topic, in order to provide the greatest clarity possible. In some cases, questions asked effectively repeat the sentiments of other questions submitted. In these cases, we have not repeated the questions and answers multiple times; rather, we have attempted to satisfy the spirit of the question once, and as closely as possible to ensure all elements of the questions have been answered.

In some cases, including past questions posted on Facebook, the PMSA cannot provide the information requested cannot as it is deemed commercial in confidence or outside what the PMSA and other like organisations would expect to be reasonable. Stakeholders must understand that providing this information may potentially compromise the PMSA in terms of legislative or contractual breaches. As such, the PMSA has elected responsibly to not provide this information. We appreciate that this may appear frustrating to some; however, the PMSA's obligations to the school and church communities must be respected and acknowledged.



The PMSA promised to issue a factbook at the end of 2017. Why has this not been forthcoming?

The PMSA prepared a factbook for publication at the end of 2017 that addressed the sequence of events that occurred at Somerville House. Because information was changing rapidly, the PMSA decided to withhold publication. Since then, the factbook has metamorphosed into the Q&As on the PMSA website. The Q&As page contains both governance and non-governance related questions that were in the factbook and now contains further questions and answers from the governance forums.

Why don't all comments appear on the PMSA's Facebook page?

It is the PMSA's preference to keep comments open on Facebook. However, because of the regular unproductive comments and in some cases personal attacks on PMSA Councillors and Corporate Office staff by just a few contributors, the PMSA continues to hide comments on this page. Where appropriate the PMSA unhides the comments and allow them to be a part of the dialogue. The PMSA will continue to do this as it is in the best interests of the schools. If you have a question you would like answered, please email communications@pmsa-schools.edu.au.

In order to increase transparency, why not publish the School Charters?

In principle, the PMSA can't see any problem with publishing the School Charters. However, as the PMSA's governance is under review including the School Charters, the AICD has advised that we should not now publish these documents. All the relevant information relating to the governance review has been drawn from the School Charters and placed in the AICD's Issues Paper.

How will the PMSA Council ensure the entire school community that the right governance decisions will be made going forward?

The PMSA and the school community generally want the same thing - a strong, agile and modern corporate governance framework that can facilitate excellence within our schools. To achieve this, the PMSA has embarked on a program of works with the AICD to review and make recommendations to improve the current framework. With this assistance and expert guidance, and through positive collaboration between our Councillors, church representatives, Principals, parents and other stakeholder committees and communities, we believe the PMSA will have what's required to determine a governance framework that is fit for purpose. It will also remain under constant review to ensure it continues to meets the PMSA's needs and future governance obligations.



What steps will the PMSA be taking to build trust which can be defined as transparency and accountability?

The PMSA is undertaking a governance review which is a fundamental step in demonstrating actions to change going forward. We believe the governance forums demonstrated the PMSA's willingness to engage directly with and listen to the school community. There are a number of other activities that are also occurring around this review process. These include an IT and data policy review as well as a holistic review of all PMSA policies. This is significant and will take time.

The PMSA is actively involved in investing in the future of our schools including being in innovative education environments and are prioritising and focussing on items and resourcing projects that will move our schools forward. The PMSA is trying to turn quality work around faster and we need to give further consideration to the resourcing of the Corporate Office. As the PMSA is able to be more agile, we hope that we will, as a result, become more transparent.

Insurance

What insurance provisions insure all Councillors and are they current?

The PMSA has a range of insurance policies which are all current and include insurances for assets, people, risk and others through a leading insurance provider. Like most other organisations, the PMSA will not be publicly disclosing further details of these policies.

Have any claims been made against these policies?

Like most other organisations, the PMSA will not be publicly disclosing further details of insurance policies or claims.

Has the PMSA notified the insurer of any potential willful breach of duty?

Like most other organisations, the PMSA will not be publicly disclosing further details of insurance policies, claims or discussions with insurers.

Have any indemnities been provided to new PMSA Council members?

Like most other organisations, the PMSA will not publicly disclose this information.



Is the AICD aware of an insurer who would not only be able but willing to re insure the PMSA Council when fully informed?

The current insurer is fully informed, as part of a continuous risk management process facilitated by the PMSA Corporate Office. The PMSA will not publicly disclose further information regarding insurance.

What changes does the AICD expect for the PMSA to obtain insurance at rates provided to other schools?

The PMSA is unsure what the AICD expect. Like most other organisations, the PMSA will be unlikely to publicly disclose these details.

Policies

What training do PMSA Councillors receive to ensure they are familiar with their obligations under published PMSA policies and procedures? Does this training address the PMSA Anti-Discrimination Policy and the BBC Complaints Policy & Procedure?

All PMSA Councillors work through a defined training program which initially starts with the Councillor Induction program and is supported by annual policy training activities. A range of additional professional development activities across a range of fields are also made available to Councillors.

How does the PMSA ensure that Councillors remain independent from Principals when considering appeals under these policies?

Our existing policy framework supports the creation of separate working groups – an appointed group of people whose focus would be as defined by the PMSA Council. This typically occurs when a conflict of interest arises, or there is agreement that a separate group represents and makes a recommendation to Council. The existing sub committees are also a valuable place for refereeing certain matters and seeking alternative perspective or recommendation when required.

Why do you not publish the PMSA policies and procedures?

It is not common practice for organisations in Australia to publish their entire suite of corporate policies. In some cases, legislation and best practice does require some policies to be published.

In the PMSA's case, child related policies are publically available via the PMSA website as well as on each school's website. Policies relevant to staff and or PMSA Councillors and School Councillors are made directly available to them. Other policies remain internal documents and as such are not published publicly. PMSA policies are regularly reviewed but as part of the body of work that the PMSA has recently undertaken, all PMSA policies are presently under a complete review.



Forums

Why is the forum so limited if you are truly wanting to change and be more transparent?

We actually don't believe that the governance forums are limited. These forums are a PMSA initiative to complement the AICD's governance review, address key questions and listen to the community. The learnings that the PMSA Council has gained from the forums have allowed the PMSA to ensure that we are conscious and reflective of the community's needs as we work through the governance review process. We consider the governance review encompassing of the many issues that have arisen through the course of events of the last six to nine months. We also believe that the process of conducting these forums provided a suitable opportunity to tackle past and present issues in the context that we shape our governance framework to enable the schools to be better placed to create value now and into the future. The AICD's Issues Paper was prepared by the AICD with input from the PMSA.

Did the PMSA hold forums in 2017?

The PMSA held a forum at each school and invited the executive of each school's P&F Association, Old Collegians / Girls as well as school Principals and the Executive team.

Chesterman Process

Was the Chesterman process a review and when will the results be published?

*The Hon. Richard Chesterman was engaged by the churches to conduct a facilitation process to aid healing and reconciliation between the PMSA and stakeholders, not a review, report or inquiry. The churches subsequently asked him to deliver his observations in written form. A summary has been released on both the **Uniting Church** and Presbyterian Church websites. We understand the churches have also sent information to the parties who were involved in the process.*



Financial Management

Why won't the PMSA release individual financial statements for each School in line with common practice for independent schools in Australia?

Most independent schools in Australia that are not required by the ACNC to release individual financial statements of each school do not do so. The schools that do not release individual financial statements are generally a part of a larger group like the PMSA. Groups such as Edmund Rice Education Australia are also not required to release individual school financial statements. Those schools that do release their financial statements only do so through the ACNC website because their structure requires them to do so. Very few schools include their individual financial statements on their websites or in their School Annual Reports as schools do not see it as a marketing advantage to publish or promote this information. We do believe that going forward the PMSA Council, the School Councils and the Principal's office can improve communication regarding individual school finances and how income and expenses combine to support the educational products and services that they offer.

To clarify, each school has independent budgets, independent bank accounts and manages their own risks and performance. The PMSA works to ensure that the group performance is achieved and optimised through a range of defined oversight and governance processes. It is important to note, that to date, the PMSA has met all reporting requirements by ACNC and NSSAB.

In deciding which school to send my child to I want to know that an individual school is financial viable. Surely it is a selling point for prospective and current parents?

The PMSA believes schools do not see it as a marketing advantage to publish or promote their individual financial statements. Any perceived marketing benefit is likely to be outweighed by a tangible loss in advantageous commercial sensitivities. In the highly competitive independent school market, commercial advantages remain strategically and critically important and as such, very few schools include their individual financial statements on their websites or in their school Annual Reports that are used in their marketing. Most schools that do release their financial statements only do so through the ACNC website because their structure requires them to do so. We believe that going forward the PMSA Council, the School Councils and the Principal's office can improve communication regarding both the PMSA's financial viability and the individual school finances financial viability by showing how their income and expenses combine to support the educational products and services that they offer.



Do school fees from one PMSA school help support another PMSA school?

No. School fees and levies cover the annual operating costs of each school. These are deposited directly in the relevant school's account. Each PMSA school operates independently and is responsible for their own financial budget and performance. Each school has independent income, expenditure, budgets and targets.

The income that each school receives from tuition fees, donations and government grants is used entirely to operate and develop that school. Even fees paid to PMSA Corporate Office are for each school's shared annual expenses such as insurance. The School Council, Principal and Business Manager manage the financial accounts at each school which are audited by KPMG in accordance with the Australian Accounting Standards.

Do donations to any of the school's Foundations go to the PMSA?

No. Donations made to any of the school's Foundations go directly to that Foundation and are tax deductible. Each Foundation has a Strategic Plan that aims to support their school with outstanding educational facilities. Donations are not used to cover education costs and do not go to the PMSA.

Where does the money paid to the School's Voluntary Building Levy go?

The Voluntary Building Fund Levy that may be included on school tuition fee statements is a tax deductible donation which is either passed on by the school to the relevant school's Foundation or retained in the school's Building Fund. Both the Building Fund and the school Foundations have DGR status (deductible gift status), not the school and these funds can only be spent on capital works programs for that school. When these levies are paid, you receive a receipt from the school's Foundation or the Building Fund. These funds do not go to the PMSA corporate office. The PMSA does not have any building funds.

Is cash flow a problem for the PMSA and how will loan agreements be fulfilled?

No. The PMSA is a strong, financially-robust organisation. The PMSA and the schools closely manage the financial positions of all of the PMSA financial affairs which include the schools.

Do the churches need to provide a guarantee for PMSA loans?

No. The churches do not provide any guarantees to any PMSA loans. The Churches have no financial interest or ownership in the PMSA schools.

Is the PMSA going to sell-off historic school grounds at Clayfield College, Somerville House and Brisbane Boys' College?

No. There are no plans to sell historic school grounds of any of the PMSA schools.



Has \$1.2 million in Clayfield College Government Funding been used for Oxley land / golf course and Grammar Early Learning?

No. Commonwealth and State Government funding is provided to each school and is only used for education at that school.

Is Clayfield College 'on the brink of debt'?

No. Contrary to incorrect media reports, Clayfield College is strong and will remain so. The school is financially stable, continuously evolving and growing steadily. All schools are backed by the financial resources of the PMSA as a whole.

Why are the Councillors' allowances not disclosed in the PMSA Annual Report?

The PMSA has not been required to disclose this information. According to section AABS1046 of the legislation, "Reimbursements of out of pocket business expenses is excluded from Director remuneration disclosure obligations."

Why are the Councillors' fee discounts not disclosed in the PMSA Annual Report?

Fee discounts at PMSA schools of 33.33% are offered to children of PMSA Councillors, all PMSA school staff, and clergy and ministers of the Presbyterian or Uniting Church. These discounts, as well as other discounts that schools may provide, are disclosed in each year's consolidated financial statements in an 'Income' line item called 'Discounts'.

What assurances can the PMSA offer BBC (or any school) that its assets are not at risk from the PMSA's general liabilities, including liabilities which arise from the operations of other Schools?

PMSA schools operate independently and are responsible for their own financial budget and performance. Each school has independent income, expenditure, budgets and targets. The income that each school receives from tuition fees, donations and government grants is used entirely to operate and develop that school. The School Council, Principal and Business Manager manage the financial accounts at each school which are audited by KPMG in accordance with the Australian Accounting Standards. There is no cross subsidy of schools. But each school is owned by the PMSA. The PMSA is a single governing body, and each school is in effect a business unit of this single body. Many large organisations operate in this way. All assets are collateralised and are therefore collective in their backing and in their liability. The PMSA's collective assets total in excess of \$517 million and financial management of over \$125 million annual operating funds. The benefit of being a part of a larger group is that all the schools have access to consolidated banking arrangements. With more than \$517 million in assets, the PMSA is able to offer loans to schools at around 2% and subsidise the repayments.



Is Somerville House a ‘Cash Cow’ propping up Clayfield College?

No. Somerville House provides no funds to Clayfield College or any other school. There is no cross subsidy of any PMSA schools. The PMSA’s only knowledge of financial arrangements between schools was about 30-40 years ago when Somerville House had a financial arrangement to the value of \$100,000 with Clayfield College. Clayfield College paid this back promptly with interest as per the agreement.

Are the authorised signatories on the accounts for Somerville House also the same as the PMSA?

The signatories to the accounts at each of the schools are different from the signatories at the PMSA Corporate Office.

If the PMSA doesn’t use any funds from the schools, how are they able to afford contractors, consultants, law firms, and communication firms?

Each school pays an amount each year to the PMSA to cover PMSA Corporate Office staff salaries (currently 3.5 FTEs); collectively pay for insurance premiums, auditing, professional development and training, and compliance; and other consolidated costs for each of the schools. These fees are calculated each year to cover the costs for that year. To pay for additional costs as required, the PMSA can draw upon funds that have developed and grown over 100 years of operation. Funds for these additional legal and other expenses have been drawn from these managed funds.

Does each school keep the profit they generate each year?

Yes. Each school keeps their surplus and it is reinvested in staff, resources, facilities and buildings for that school.

How do I know the school fees I pay go to my child’s school?

Each school has independent budgets, independent bank accounts and each school’s Business Manager and Principal manage their own risks and performance. The PMSA works to ensure this performance is achieved through a range of defined oversight and governance processes. All school fees which parents pay go towards that school.



There are poor optics of not producing individual school financial statements so what checks and balances are there?

We understand given the events of 2017 that there appear to be poor optics. But the reality is that most other independent schools in Australia that are not required by the ACNC to release individual financial statements of each school, do not do so. Over the past six months, individuals have made complaints to regulatory bodies such as ACNC and Department of Education and Training (DET), who have requested information from the PMSA. The PMSA has provided all this information and these bodies have been satisfied with the PMSA's governance and reporting. The PMSA complies with all regulatory bodies.

You say the accounts are audited so who does the audit of the consolidated group?

Each individual school's accounts and financial statements are prepared by each school's Business Manager, presented to and ratified by the PMSA's Audit & Financial Committee. These as well as the Consolidated PMSA Group Financial Statements are independently audited by KPMG.

Support Organisations

Why will the PMSA not permit bodies such as the P&F Association to incorporate as associations, to give the committee members the legal protection which other not for profit organisations enjoy?

The PMSA was only recently made aware of the issues surrounding this and is keen to work through these issues to find a solution that works for all schools.

Input from the governance review is anticipated to guide the PMSA and help shape an option that best reflects the needs of the schools. This would include engaging each school Principal to ensure the context and requirements are applicable.



School Procedures

With a history of rash decisions, how do you expect to secure a dependable Principal of such high standards that Somerville House deserves?

To recruit the new Principal for Somerville House, the PMSA has used one of the best educational recruitment consultants – Lyngcoln Consulting. They have advertised and actively searched for a suitable candidate. Candidates were shortlisted by the recruitment consultants and interviewed by a panel consisting of PMSA Councillors and an external panel member Elaine Rae – past head of the Uniting Church Schools and Residential Colleges Commission. The panel chose from a number of outstanding candidates who have the ambition, drive, capability and Christian focus to lead Somerville House as Principal. The newly appointed Principal, Mrs Kim Kiepe, is an example of this high standard and will commence in January 2019. In addition, the PMSA does not believe any decisions we make are ‘rash’. All decisions made by the PMSA are considered and made in the best interests of the students and the schools with the information available at the time.

You mention that mistakes have been made so what are these specifically?

With the benefit of hindsight, the PMSA acknowledges that at various points in 2017, circumstances became difficult and unworkable. At the time, it was difficult to predict the ongoing and accumulating impact this situation would have on the greater school community. The PMSA would like to reassure the community that after seeking appropriate advice, decisions and actions were taken with due consideration of all information available at the time. While it might be unclear without the benefit of full disclosure, at all stages, the best interest of the school, staff and students was always a priority. It is important that our communities appreciate that the PMSA must responsibly protect and respect the privacy of all individuals involved in these circumstances. As such, we will not be publicly disclosing information sensitive to the situation or that which might compromise an individual’s privacy directly. We do acknowledge that the students, parents and staff were deeply affected by the events of 2017 and the PMSA is very sorry that the community was affected in this way.

Why has the PMSA not told the school community the details of what happened at Somerville House at the end of 2017?

Like many organisations, the PMSA is bound to respect and protect privacy obligations when dealing with sensitive issues within our ambit of operation be it staff, student, or family. It is important that our communities understand this responsibility and support the PMSA in our determination to honour this privacy, as it remains an uncompromising cornerstone of current and future PMSA governance. To be clear, the PMSA is not trying to hide things. The matter is private for the people involved and the PMSA will respect this and not otherwise discuss any details.



What policies are in place to ensure other staff will not be treated in the same way as how staff were treated at the end of 2017?

The way in which the PMSA and the schools are structured is that everyone is under the authority of the Principal of that school. The PMSA does not get involved in school decisions.

You have said that the PMSA Council does not make decisions below the level of the Principal. Why did you get involved with regard to staff in late 2017?

Yes, in accordance with the current structure, the PMSA does not get involved in making decisions below the Principal level. In instances where the Principal is unable or unavailable to make certain staffing decisions, and in accordance with policy, the delegated authority is referred and passed upwards to the PMSA.

When can I get an explanation as to process of standing the previous staff down and assurances that the process was properly followed such that I can be assured that there will not be expensive, timely and further reputation damaging litigation arising from these decisions?

The decisions made regarding the events of 2017 remain confidential human resources issues. This is both the wishes of the individual staff involved and the PMSA. The PMSA will continue to respect this confidentiality as would be required in any organisational context. The PMSA followed their human resources process as guided by legal and human resources advisors in the course of navigating these matters in the best interest of all involved. We accept and acknowledge the pain this has caused for those involved. The PMSA is working hard to ensure that this situation does not occur again.

Was there an independent workplace investigation that supported the process as followed by the PMSA? Which workplace consultants performed that review?

The PMSA's human resource process was not the subject of an independent workplace investigation at any stage.

PMSA Corporate Office

Is the PMSA Corporate Office and its role and management part of the governance review?

Although the governance review is not directly reviewing the corporate office role, the review and governance changes will have implications for the corporate office and its role in meeting the overall organisational structure. Therefore, the PMSA Corporate Office operations does indirectly form a part of the governance review. How the office commercially and operationally supports the schools on the many levels required is always under review by the Council.



How much of our school fees are going to the corporate office?

Each school pays an amount each year to the PMSA to cover PMSA Corporate Office staff salaries (currently 3.5 FTEs); collectively pay for insurance premiums, auditing, professional development and training, and compliance; and other consolidated costs for each of the schools. These fees are calculated each year to cover the costs for that year.

Wouldn't the fee that each school pays to the PMSA allow the PMSA to subsidise other schools?

The fee that each school pays to the PMSA covers the costs of the PMSA Corporate Office and other shared costs such as insurance. These fees are treated as a management fee expense and are considered for propriety within the annual auditing processes. Given these management fees are budgeted to match and cover PMSA Corporate Office costs for each year, there is no material net difference to permit cross subsidy of other schools. The PMSA has been operating for 100 years and has grown other investments from sound financial management over that time.

How do you see the model of centralised resources working as it seems to set up an internal conflict between the schools?

The PMSA does not intend to restructure current resources of the four schools to create one large centralised service centre. Currently, however, some services are managed by the PMSA Corporate Office in order to maximise purchasing power and other opportunities. An example is for insurance. The PMSA continues to explore cost savings where efficiencies of scale can deliver benefits to all of the schools. Each of the schools is fully involved in these decisions.

Who works in the PMSA Corporate Office?

The PMSA currently has 3.5 FTE (full time equivalent) staff including two Executive Assistants, an Executive Manager and a part-time Communication Manager. The office has operated without an Executive Manager since November 2017. David Mallam has been working with the PMSA as a strategic advisor during this time and he has an in-depth knowledge of the PMSA's day-to-day activities. We are currently recruiting for a new CEO for the PMSA to replace the Executive Manager position.