

ANNUAL REPORTS AND ANNUAL GENERAL MEETINGS

Corporate Governance issues are currently very much in the news for all corporations in Australia, and for that matter, everywhere else in the free world. This has been encouraged by a number of high profile corporate collapses, both in Australia and overseas, and also by increased methods of mass communications. As a result, in today's society, the expectations of the general public are that all organisations need to be accountable and transparent about their operations, their activities, and their financial results. Reporting to stakeholders and the release of pertinent information have become essential for all organisations. As a Christian organisation, with a long and successful history of achievement, the PMSA should be a leading example of good corporate governance.

The Australian Stock Exchange in March 2003, after an extensive review of corporate governance issues, released its "Principles of Good Corporate Governance Practice and Best Practice Recommendations". There are a number of things that the PMSA Council (effectively the Board of Directors of the PMSA) can learn from these principles, which essentially are:-

An organisation should:

- 1. Lay solid foundations for management and oversight**
Recognise and publish the respective roles and responsibilities of board and management.
- 2. Structure the board to add value**
Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.
- 3. Promote ethical and responsible decision-making**
Actively promote ethical and responsible decision-making.
- 4. Safeguard integrity in financial reporting**
Have a structure to independently verify and safeguard the integrity of the organisation's financial reporting.
- 5. Make timely and balanced disclosure**
Promote timely and balanced disclosure of all material matters concerning the organisation.
- 6. Respect the rights of shareholders**
Respect the rights of shareholders and facilitate the effective exercise of those rights.
- 7. Recognise and manage risk**
Establish a sound system of risk oversight and management and internal control.
- 8. Encourage enhanced performance**
Fairly review and actively encourage enhanced board and management effectiveness.

- 9. Remunerate fairly and responsibly**
Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.
- 10. Recognise the legitimate interests of stakeholders**
Recognise legal and other obligations to all legitimate stakeholders.

Effectively, the PMSA's shareholders in this context are the two sponsoring Churches, the Presbyterian Church of Queensland and the Uniting Church in Australia, Queensland Synod. The stakeholders could be listed as follows:-

Students
Staff
Parents
Suppliers
and there may be others.

Our Policy Manual and Annual Report now include most of the corporate governance principles listed by the Australian Stock Exchange. We now have the basis of an Annual Report that meets all the requirements of good corporate governance. However, our Annual General Meeting is some way off the mark in what would be considered good corporate governance practice.

First of all, we should plan to prepare, publish, and distribute the PMSA Annual Report prior to the Annual General Meeting so that people have time to read and understand it before they come to the meeting. Secondly, at the moment, at our PMSA Annual General Meeting we are reporting to ourselves when we should be reporting to our shareholders, effectively the Presbyterian and Uniting Churches.

At the Annual General Meeting the PMSA Council, through its Chairman, should present the PMSA's Annual Report. Matters which should be included are:-

- Chairman's Report
- Consideration of the financial and auditor's reports
- Election of Directors
- The appointment of and fixing the remuneration of, the auditor.

Auditors should attend the AGM and be prepared to answer questions. There should also be a reasonable opportunity for people to ask questions or make comments on the management of the operation.

RECOMMENDATIONS FOR THE PMSA

1. Invite three representatives each from the Presbyterian and the Uniting Churches to be present at the Annual General Meeting in 2007
2. Prepare, publish and distribute the Annual Report for 2006/2007 so that it is in the hands of recipients two weeks before the 2007 AGM
3. Invite the Auditors to be present at the 2007 AGM