

GOVERNANCE OF BBC

A CASE FOR CHANGE

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28 March 2014

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State Moderator
Presbyterian Church of Queensland
PO Box 1508
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To the Hon. Greg Rodgers and Rev. Kaye Ronalds,

GOVERNANCE OF BBC

This is not a letter I have found easy to write and I do hope you will receive it in the constructive manner in which it is intended.

My association with BBC extends back to the 1920s when my two grandfathers attended the College. Since commencing as a boarder myself in 1979, I have been a proud product of, and servant to, BBC and have always acted in the best interests of the College and its Community.

It is in this context that I now write to both Churches in relation to the governance structure of BBC.

I would respectfully suggest that whereas the Presbyterian and Methodist Schools Association was a pragmatic creation of the early 1900s, the circumstances that led to its creation no longer exist. The Presbyterian and Uniting Churches have demonstrated their ability to independently and successfully govern private schools and in 2014 would seem to have little need to perpetuate the operations of the PMSA.

In what I hope you will consider being a reasonable and objective manner, I have attempted to show how BBC's existing PMSA-controlled governance structure is falling short of best practice, resulting in sub optimal outcomes for BBC and its Community.

Genuine change is required and I ask that both Churches take cooperative and collaborative action to provide BBC with the governance structure it requires to achieve its potential:

- Single Church ownership / control;
- A dedicated, single-school Council;
- Appropriate representation by key stakeholder groups; and
- Transparent communications and processes.

It is beyond the scope of this paper to consider the mechanism by which these objectives might be achieved. However, I note that should dissolution or transfer of the PMSA prove to be too difficult, it would still be open to the Churches to introduce practical measures that achieve the objectives.

It is certainly not my intention to create disharmony and disruption within the BBC Community so I have chosen to communicate directly with the Churches (copying the PMSA Council and BBC Council) without seeking the endorsement of BBC's Foundation, Old Collegians' Association, Parents & Friends Association and/or broader BBC Community.

However, should you consider me to have insufficient standing, or should you require a broader petition, I would be pleased to seek Community endorsement of this paper.

If the Churches are willing to contemplate changes consistent with those outlined in this paper, I am confident I can assemble the financial, legal and other expertise necessary to effect the changes.

Thank you in anticipation for your consideration of my paper.

Yours sincerely,

David Addis

cc.	Presbyterian Church:	Rev. Ron Clark (Clerk of Assembly)
cc.	Uniting Church:	Elaine Rae (Executive Office Schools Commission)
cc.	PMSA Council:	Des Robinson (Chairman)
cc.	BBC Council:	Jackie McPherson (Chairman) Jim Demack John Down Greg Eddy The Hon. Justice Andrew Greenwood Norbury Rogers

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1. PREAMBLE

Through my philanthropic board activities and through a 24 year professional career providing strategic advice to the boards of public companies, I have learnt to identify indicia of poor governance structures.

It is my observation that many of these indicia exist at BBC. In the following pages I have provided the rationale for my conclusion and examples of how BBC's poor governance structures are leading to sub optimal outcomes.

Governance is a matter for the Presbyterian Church, the Uniting Church and the PMSA Council but it has a direct impact on the mood of the BBC Community. I would confidently venture that the actual mood of the BBC Community is not as bright as BBC's governors would have.

Poor governance and community mood may be readily rectified if the Presbyterian Church and the Uniting Church resolve to take action:

- 1. The first step would be to introduce the appropriate governance structures;*
- 2. The second step would be to publicly promulgate and adhere to best practice governance protocols; and*
- 3. The third step would be to ensure the appropriate people are appointed as governors.*

This paper is focused solely on the first step – appropriate governance structures.

With respect to the third step, the BBC Council and the PMSA Council already comprise many individuals appropriate for the governance of BBC and the other PMSA schools. If the Churches do resolve to take the first step towards best practice governance, I would expect that existing Councillors would continue to occupy some, not all, governance positions at the PMSA schools.

In order to develop my arguments in the following discussion, I have drawn upon events, hearsay and my own interpretations. Accordingly, I readily concede that my information may not be complete or accurate and I would be pleased to amend this paper if factual errors or omissions are brought to my attention. However, I would be surprised if the central tenets and themes of my paper change on the basis of any amendments.

2. EXECUTIVE SUMMARY

- Australia's leading boys' schools have dedicated, representative and transparent governance structures – they are best practice.
- BBC's governance structure compares unfavourably to its peers.
- BBC's governance structure is leading to sub optimal outcomes.
- The BBC Community deserves action by the Presbyterian and Uniting Churches to deliver best practice governance:
 - ✓ Single Church ownership;
 - ✓ A dedicated Council;
 - ✓ Appropriate representation by key stakeholder groups; and
 - ✓ Transparent communications and processes.
- There is no shortage of eminently qualified past pupils, parents and friends who would be willing to assist the Churches to achieve these deserved, overdue outcomes.

3. BEST PRACTICE SCHOOL GOVERNANCE

3.1 Best practice

One only has to examine the governance structures, process and policies of different schools to realise that “best practice” is open to wide interpretation. I certainly do not profess to be an expert on corporate governance but through my career as a corporate adviser to some of the largest companies in Australia and my philanthropic activities on not-for-profit boards, have identified indicia of good and bad governance.

However, rather than promulgate my subjective views, I thought it would be instructive to examine the governance structures of some of Australia’s leading boys’ schools.

3.2 Sample set

In an ideal world, a forensic analysis of every leading boys’ school in Australia would be provided using constituent documents and first hand interviews. I would be prepared to undertake such analysis if requested but, if it is required, would respectfully suggest that the Presbyterian and Uniting Churches retain an independent expert to undertake more robust analysis.

For the record, I have chosen to limit my sample set to the leading Presbyterian and Uniting Church boys’ schools in the Australian capital cities:

- i. Knox Grammar School
- ii. Newington College
- iii. Prince Alfred College
- iv. Scotch College, Melbourne
- v. Scotch College, Perth
- vi. The Scots College
- vii. Wesley College (Perth)

My examination has been limited to publicly available information on the seven schools. To the extent that this information is incorrect or incomplete, my analysis will be weakened.

I have also conducted a cursory review of publicly available information on other leading independent boys’ schools in the Australian capitals and have satisfied myself that the sample of seven is representative of most leading boys’ schools.

3.3 Side-by-side comparison

On the following page, I have summarised key, observable governance attributes of the seven schools under consideration. This data has been sourced from the schools’ websites.

	Knox	Newington	Prince Alfred	Scotch	Scotch	Scots	Wesley
City	Sydney	Sydney	Adelaide	Melbourne	Perth	Sydney	Perth
Church affiliation	Uniting	Uniting	Uniting	Presbyterian	Uniting	Presbyterian	Uniting
Governing body¹	School Council	College Council	College Council	College Council	College Council	College Council	College Council
• Appointed by	Church	Church	Elected	Church	Church	Church	Church
• Responsible to	Church	Church	Constitution	Constitution	Constitution	Church	Church
• Responsible for	1 school	1 school	1 school	1 school	1 school	1 school	1 school
• Role	Leadership and guidance in areas associated with the School's Master Plan, Building Program, Financial Management, Risk Management and Strategic Vision	Each Council member brings his/her own set of skills and knowledge to assist in implementing new plans and strategies for the College	Oversee the governance and strategic development of PAC, monitor and review the College's operations, finance, building, and risk and compliance obligations	The College and the business, affairs and property thereof shall be managed by a council to be called Scotch College Council	Responsible for the overall governance of the School, the setting of strategic direction, the review of plans and budgets established by School management and the monitoring of performance against those plans and budgets	Responsible for general policy decisions and the financial administration of the College	Management of Wesley is vested in the Wesley College Council which delegates responsibility for the operation of the College to the Headmaster and the Director of Finance

¹ This is the ultimate governing body of the school, answerable only to the Church.

	Knox	Newington	Prince Alfred	Scotch	Scotch ²	Scots	Wesley ³
Councillors							
• Appointment policy:	Professionals within their chosen fields (eg church, business, education, finance, infrastructure, law, media and technology). Some are parents or Old Boys.	Drawn from a wide cross-section of the community in order to provide the best possible leadership in executing the College's vision, mission and values	Six elected members and two ex-officio members, the Headmaster and the Moderator of The Uniting Church	5 appointed by Presbyterian Church, 5 nominated by OCA and 7 nominated by Council for approval by Presbyterian Church	Chairman, representatives nominated by the Old Boys' Association, the Parents' Association, the Church and Council	The majority of Council members are elected by the General Assembly of the Presbyterian Church, with three further members appointed by the elected members	Policy could not be found on public record but is reflected in profile below
• Specific attributes	Appropriately qualified	Appropriately qualified	Appropriately qualified	Appropriately qualified	Appropriately qualified	Appropriately qualified	Appropriately qualified
• Number of councillors ⁴	11	17	7	17	14	13	10
• Actual composition							
– Old boy, current parent		2	3	1			2
– Old boy, past parent		5		6	4	1	2
– Old boy	4 ⁵	4	2	2		3	
– Current parent	4	1			5	2	1
– Past parent	2	2	1	4	2	1	2
– Church	1	2	1	2	1	4	1
– Other		1		2	2	2	2
	11	17	7	17	14	13	10

² Data obtained via phone call to Scotch (WA)

³ Data obtained via phone call to Wesley

⁴ Excluding Headmaster

⁵ Many of the Knox old boys on Council have sons but their bios do not disclose whether they have been, are or will be Knox parents.

3.4 Analysis

Some readily observable trends are apparent:

- **Single Church affiliation.** Each school is affiliated with only one Church.
- **Dedicated governing body.** Overall governance responsibility is vested in the school council which:
 - Has responsibility for one, and only one, school;
 - Has a primary duty to act in the best interests of that particular school; and
 - Is answerable to one, and only one, Church.
- **Community representation.** All of the school councils are drawn from the wider community, in particular from old boys and parents who, on average, account for between 50% and 90% of all councillors.

A cursory review of the websites of some other leading independent boys' schools in the Australian capitals would suggest that the trends identified above are not anomalous to Presbyterian and Uniting Church schools.

3.5 Defining best practice

Governance is obviously much broader than the matters outlined above. However, the objective of this paper is to focus on the organisational structure of governance, not the detailed governance policies, procedures and protocols of each school.

Accordingly, for the purposes of this paper, the matters listed in section 3.4 have been adopted as best practice.

4. GOVERNANCE OF BBC

4.1 Comparative analysis

Having identified that which appears to be best practice from the sample set of schools, it is instructive to compare and contrast the governance structure employed in relation to BBC.

	Best practice	BBC
Church affiliation	1 Church	2 Churches
Governing body⁶	School Council	PMSA
• Appointed by	Church, Council, Elected	Church, PMSA
• Responsible to	Church	PMSA
• Responsible for	1 school	4 schools
Councillors		
• Specific attributes	Appropriately qualified	Appropriately qualified and a member of the Presbyterian or Uniting Church
• % old boys	30-70%	9%
• % parents (excl. old boys)	15-80%	0%
• % old boys and parents	50-90%	0%

Each of these aspects is discussed below.

4.2 Church affiliation

Best practice would suggest that a leading boys' school should be affiliated with one Church and its fundamental beliefs, customs and values. Such a simple, stable and defensible construct provides comfort and confidence to the school community.

Notwithstanding BBC's day-to-day interaction with the Uniting Church, it is in fact affiliated with two Churches plus an artificial construct of Letters Patent, the PMSA. Given the Presbyterian Church elected not to merge with the Uniting Church, presumably over fundamental differences of philosophy, it is not clear to the Community which specific Christian beliefs and values actually fundamentally underpin the PMSA.

It would be interesting to understand whether confusion and uncertainty attaching to BBC's affiliation with two Churches plus the PMSA has resulted in any members of the Presbyterian or Uniting Churches eschewing BBC for a single Church school.

⁶ Refer section 4.3 for discussion on BBC's governing body

4.3 Governing body

4.3.1 Identity of the governing body

For the purposes of assessing BBC's governance against those of leading boys' schools, one must first identify BBC's governing body.

There is considerable confusion in the BBC Community as to whether the BBC Council or the PMSA Council is the governing body. It is somewhat of a moot point as both are seen as remote and neither has communication channels into the BBC Community but the PMSA website suggests that the BBC Council is the governing body:

"Each PMSA school is governed by a School Council consisting of seven members, three of whom are members of the PMSA Council, three of whom are independent persons appointed from the relevant school community and the school principal. The PMSA delegates to these councils the responsibility for administration of the schools and are responsible to PMSA council for their performance. The School Principals report to these School Councils and have operational responsibility for the schools."

Notwithstanding these words, it is readily apparent that BBC is actually firmly governed by the PMSA Council:

- The PMSA Constitution and By-Laws are clear that the PMSA *"Council will exercise effective control of its schools"*.
- Any significant financial decisions pertaining to BBC are vetted by the PMSA Audit and Finance Committee and made by the PMSA Council.
- The Headmaster's appointment is made by the PMSA Council, not by the BBC Council.

It is possible therefore that the non-PMSA members of the BBC Council only became aware that the Headmaster was being considered for reappointment when they read in public communications that he had in fact been reappointed.

- The Headmaster and Business Manager do in fact make a report to the BBC Council but also formally report again to the PMSA Council.
- As a matter of course, the BBC Council elevates any matters of significance to the PMSA Council, meaning the BBC Council has little if any authority other than in relation to non-controversial, non-material matters.
- In a recent meeting with members of the BBC Council, including the Council Chairman, the statement was made by a BBC Councillor, unchallenged, that the BBC Council is merely an advisory committee to the PMSA Council and has no effective power.

Even if the BBC Council does in fact have some residual authority, the PMSA Constitution and By-Laws are abundantly clear that any such authority would be subject to review and potential veto by the PMSA Council.

In short, I would assert that the PMSA Council is unequivocally the governing body of BBC.

Given the considerable and diverse array of talent on the BBC Council, it is a shame that the BBC Councillors do not have a genuine platform from which to contribute to the governance of BBC.

4.3.2 *Dedicated focus*

The lot of a councillor at a school with best practice governance would appear to be quite straightforward. Given the Council is of the school, a councillor's duty would presumably be to ensure the school is governed in the best interests of the school community, its constitution and in accordance with the philosophies of the affiliated Church.

In contrast, the lot of a PMSA Councillor is far less straightforward. In the first instance, given the PMSA is a body corporate, the Councillor's primary duty is presumably to the PMSA itself and not to a particular school. The PMSA's portfolio approach to acquiring, governing and divesting schools would seem to support this assertion.

Secondly, a PMSA Councillor is currently required to be across the governance of four quite distinct and diverse schools. Simple mathematics would suggest that the PMSA schools are unlikely to be consistently receiving the same attention and scrutiny from its governors as those schools with a best practice model, regardless of the best of intentions.

I suspect that the PMSA actually created the individual school council in order to overcome this structural weakness of the PMSA Council while managing the diverse portfolio of four schools as mentioned above. However, as outlined in section 4.3.1, the PMSA continues to be the governing body of the schools, albeit taking advice from the schools councils as required.

4.4 Councillors

4.4.1 *Church affiliation*

The PMSA appears to have adopted best practice with respect to the attributes it seeks in its Councillors. Many of the criteria listed in the By-Laws mirror those adopted by the leading Presbyterian and Uniting Church boys' schools, with one exception...

The PMSA By-Laws state clearly in clause 3.3.1(a) that a PMSA Councillor must be a member of the Presbyterian Church or the Uniting Church.

The obvious point to make is that this PMSA By-Law is actually inconsistent with the practices of the Uniting Church which has appointed Anglicans, Catholics and other religions to its educational boards. I am not familiar with the appointment practices of the Presbyterian Church.

Further, according to the Australian Bureau of Statistics, the number of people affiliated with the Presbyterian and Reformed Churches has fallen to 2.8% of the Australian population while the number affiliated with the Uniting Church has fallen to 5.0%.

It is clear that the PMSA By-Laws severely restrict the size of the talent pool from which the PMSA Council might be drawn. The restriction of the talent pool to only 7.8% of the population must inevitably result in many exceptional people being excluded from the PMSA Council.

I note that there are currently vacancies on the PMSA Council. In contrast, I would confidently venture that none of the sample set of leading boys' schools has trouble attracting appropriately qualified councillors.

4.4.2 *Parents and old boys*

Without a doubt, Knox, Newington, Prince Alfred, Scotch (Vic), Scots, etc are among the finest boys' schools in the country. In every case, more than half of the school council comprises parents and old boys and in the case of Knox they account for 10 out of 11, or 90%, of councillors.

However, in contrast, the PMSA does not have a single BBC parent (past or current) on its Council and only recently added an old boy, whom I have not met.

It is disappointing that some Councillors had the opportunity to become BBC parents but chose to send their sons to other GPS schools.

4.4.3 *Representation*

In contrast to the PMSA Council, the BBC Council does in fact include past parents and more than one old boy. However, those individuals were not actually identified, nominated or appointed through any proper process conducted by the Old Collegians' Association or the Parents & Friends Association.

For the record, I don't believe the Old Collegian's Association or Parents & Friends Association should have the automatic right to appoint their representatives to the governing Council. Rather, these bodies might be invited to conduct a transparent process pursuant to which candidates from their cohort are identified and recommended for Council positions. The Church or Council would then make the final decision whether to endorse the recommended candidates.

I should declare that in 2011 I formed a sub-committee of the BBC Foundation to find two new Councillors for the BBC Council. Both the rigorous process adopted and the two recommended candidates, Messrs Down and Eddy, were endorsed by the PMSA Council.

It is disappointing that the PMSA Council has not sought to emulate this successful community-based approach in relation to its own Council vacancies.

4.4.4 *Benefits of parent and old boy Councillors*

Given the busy schedule of the PMSA Councillors with their four schools to govern, one would have thought that parent and old boy Councillors would be a useful and necessary source of information and feedback and a two-way conduit to the BBC Community.

Further, given the apparent remoteness of the PMSA Council and the BBC Council, it seems likely that the sole or primary source of information and feedback for the PMSA Council is through the BBC Administration.

With the greatest respect to BBC's Administration, one would think that best practice governance would require multiple sources of information and unfiltered points of contact with the BBC Community. How else could the PMSA Council be confident that it is fully informed as to the mood and temperament of its Community?

The Councillors' knowledge or otherwise of the matters contained in section 5 would be an excellent test of my assertion.

5. SUB OPTIMAL OUTCOMES

A poor governance structure should be a call to action in itself. However, there may be some who require evidence that BBC is in fact being genuinely disadvantaged by its governance structure.

In this section, I have attempted to provide a non-exhaustive list of issues and outcomes that I believe are a direct result of BBC's governance structure.

5.1 Communication

With none of their own on the PMSA Council and with little idea of whom the people on the PMSA or BBC Councils are, BBC's parents and old boys have no forum or platform from which to communicate with the governors of the College.

One might imagine that meetings of the Old Collegians' Association and Parents & Friends Association would be an appropriate forum for Community feedback and communication with the BBC or PMSA Council. However, while the Headmaster or his delegates are usually in attendance, Councillors typically would not attend those meetings.

Further, any issues a parent or old boy may have will often be in relation to a strategic or operational matter flowing from a decision or policy of the Administration. From a practical perspective, this would mean that the parent or old boy in question would be required to:

- Raise their issue in public forum;
- Attempt to convince the Administration to reverse its decision or policy in public forum; and then
- Accept that it is the Headmaster's prerogative as to whether and how the issue is raised with the BBC or PMSA Council.

I am confident that the Headmaster does in fact faithfully elevate all material issues to the PMSA Council but suggest that the structure of communication and representation deters parents and old boys from raising and elevating issues that are important to them.

The implications of poor governance structures and the resulting poor communication protocols would include:

1. PMSA Council being isolated from useful Community feedback and the mood of its constituents;
2. Community anger, frustration and resignation at not being able to directly communicate their concerns and issues to the PMSA Council; and, ultimately
3. Community disengagement.

My data is from 2008 but I believe it is still a useful proxy for the levels of community disengagement at BBC:

Event	Invitations sent	Response rate
2008 Annual Giving	6,806	1.8%
Old Collegians	5,496	1.4%
Parents / staff	1,310	3.4%
Dinner / Auction	1,500	< 5.0%
New Parents Cocktails	291	10.0%
Foundation membership	Established 1990	55 members

I would suggest that a disengaged Community will ultimately have major strategic ramifications for BBC, as discussed below.

5.2 Old boy engagement

When I stood down as Chairman of the BBC Foundation in May 2011, I reported that in terms of Foundation members, about 50% were old boys and 50% were parents and friends. However, in terms of total dollars donated or bequeathed, old boys accounted for about 90%.

With declining government grants (in real terms) and already high fees, BBC needs donations and bequests from its old boys in order to compete for clients. This need is real and urgent:

- Development of the Oxley playing fields – my estimated cost of about \$20m;
- Funding of a substantial scholarship and bursary programme – my estimated cost/value of \$1 – 2m pa
- Upgrade of boarding house – unknown cost;
- Upgrade of boatshed – unknown cost;
- Construction of a new 50 metre pool – unknown cost;
- Debt repayment – my estimated cost of interest bill of \$1.0 – 1.5m pa.

I suspect the levels of engagement with the old boys may be stronger than they were three years ago, but not significantly. In May 2011, I was able to provide the following alarming facts:

- Approximately 14,657 boys had passed through BBC, for whom we had contact details for 6,910.
- After 20 years of existence, the Foundation had only attracted 50 old boys to join – 0.7% of all contactable old boys.
- Less than 1% of old boys on the BBC mailing list respond to the annual giving campaigns.
- The Old Collegians' Association is unable to finance its activities and is actually funded to the tune of approximately \$80,000 per annum by BBC itself from enrolment fees.

However, perhaps the most troubling statistic, for which I have recent data, is the rate at which old boys are sending their sons to BBC. In context, I have been advised by:

- Brisbane Grammar School and Anglican Church Grammar School that approximately 20% of their current students are sons of old boys;
- Gregory Terrace that approximately 18% of their current students are sons of old boys;

- By numerous sources, including those above, that the rule of thumb for a leading boys' school is that approximately 20% of students are sons of old boys.

My recent data from BBC is that of the 1569 students enrolled, 89 are sons of old boys. That represents just 5.7% of the current student population. And some of these boys are actually being subsidised by BBC.

Unless BBC has a ready supply of future students that significantly outnumbers available places, then I would respectfully suggest that the figures above are a major concern. BBC's peers are assured of 20% of their presumably full-fee-paying students every year. They are also likely to be beneficiaries of the philanthropy from those old boys who sent their sons to the school.

In contrast, BBC has to find 95% of its student population from new sources and has effectively lost significant donations and bequests from those old boys who have actively chosen to send their sons to other rival schools.

This is clearly not a recent problem; the concerning figure of 5.7% has been evolving over many years. One might reasonably expect that this has been an important topic of discussion between the Administration and the PMSA Council over the years but I am not aware of any disclosure on the topic.

5.3 Questionable strategy

5.3.1 *School ethos*

Unlike the councillors from best practice schools, PMSA Councillors are forced to juggle governance of four schools together with their day jobs and their family lives. Accordingly, through no lack of professionalism, endeavour or interest, it seems inevitable that some strategic initiatives of the Administration will not receive a sufficient or appropriate level of scrutiny and stress-testing.

As a simple example, "Sit sine labe decus" (Let honour stainless be) has recently been augmented with "Success for every boy". This superficially simple and attractive tagline has potentially significant implications which we are only just starting to understand.

I would have BBC produce honourable men who hopefully achieve success rather than successful men who hopefully act honourably.

5.3.2 *School Objects*

Clause 2 of the PMSA Constitution states that:

"The Association is formed to establish and carry on schools where pupils may obtain an education which is in accordance with sound educational principles and which is consistent with basic Christian doctrine."

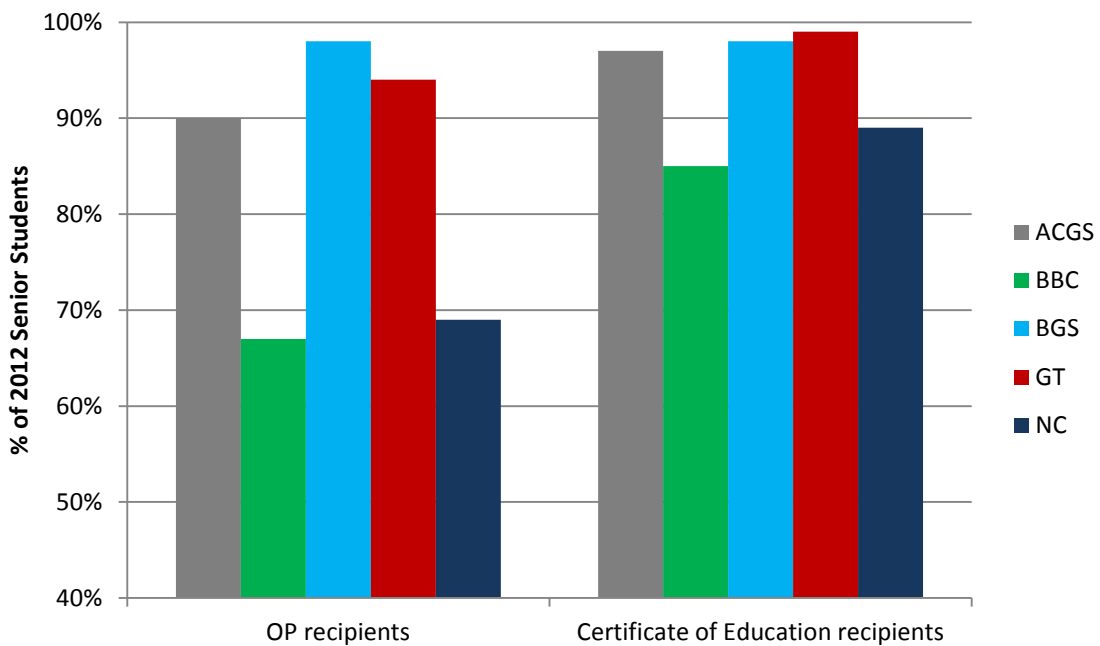
Obviously these Objects are open to broad interpretation as "sound educational principles" can encompass many scenarios. Indeed, while BBC is quick to advertise excellent academic outcomes, it also offers Vocational Education and Training ("VET") programmes.

The strategic challenge for the PMSA Council and the BBC Administration is to strike an appropriate mix of OP and VET students. If the 'right' mix is not obtained, it may act as a deterrent to one or the other cohorts.

Candidly, I am surprised at BBC's current mix. A review of the ACARA MySchool website and BBC's 2013 schools report, which contain data on the 2012 seniors, reveals the following:

- There were 220 seniors in 2012;
- Only 148 boys, or 67%, received an Overall Position ("OP")⁷;
- 45 boys, or 20%, were awarded one or more VET qualifications;
- Only 186 boys, or 85%, were awarded a Queensland Certificate of Education at the end of Year 12. In other words, 15% of the 2012 seniors *did not* receive a Certificate of Education upon high school graduation.

A quick side-by-side comparison with BBC's GPS peers in Brisbane reveals the following:



Note: Y-axis starts at 40% not 0% to highlight similarities and differences between schools.

Source: Acara Myschool website and individual school websites

Candidly, if the 2012 data is reflective of BBC's longer term mix of OP and VET students and total Certificate of Education recipients, I am still trying to decide whether it is a good or bad thing; I certainly have my suspicions as to where the majority of the Community will stand.

⁷ I have been unable to reconcile my calculated figure of 67% of 2012 seniors receiving an OP with the statement in the BBC 2013 Annual Report published on BBC's website:

"Percentage of Year 12 students who received an OP1 – 15 or an IBD 96.7%"

I am also unable to reconcile the Headmaster's comments in the opening sentence of "From the Headmaster" in the 30 January 2014 Weekly Newsletter to the BBC Community:

"Our 2013 student cohort maintained the excellent Overall Position percentage between 1 to 15 achieved in 2012, with the Seniors of 2013 attaining a figure of 96%".

It may be that I have missed a nuance in the method of calculation or in the definition of "student".

I would certainly be more comfortable with the above outcomes if I understood that the PMSA Council:

- Was aware of the data;
- Had analysed the factors that led to the mix; and
- Believed the mix was appropriate or had developed a strategy to change it to a more optimal setting.

Currently, it is not possible to ascertain whether BBC's senior student profile is actually the product of a carefully designed strategy or merely an outcome.

As final remark, notwithstanding the relatively low percentage of boys in BBC's OP stream, I note that BBC has performed strongly in recent years as measured by the results of those boys who are actually OP eligible. It would be useful to understand the strategies that have been endorsed by the PMSA Council to achieve these excellent results:

- Are boys encouraged to move from the OP stream if their results are likely to jeopardise BBC's overall academic performance and reporting?
- Is BBC's overall performance being bolstered through financial subsidies, ie, were any of the OP1 and OP2 students being financially subsidised to attend BBC? If so, in what grade or year group did these boys start at BBC – year 8 or later?

5.3.3 *Subsidies*

A possible manifestation of BBC's new 'success' ethos is a seemingly increasingly determined pursuit of sporting success. Once again, I would be interested to understand the extent of the discussion and debate that took place at PMSA Council on this matter.

I am not against the awarding by BBC of subsidies. Having been the beneficiary of an academic scholarship myself, how could I be? However, I have the following major concerns with BBC's current subsidy programme:

- **Philosophy.** Minimal, if any, information has been provided to the BBC Community on the details and objectives of BBC's subsidy philosophy, policy and programme. For example:
 - How has BBC defined "success" with respect to its sporting programmes?
 - Does this targeted level of sporting success and the methods by which we intend to pursue it sit comfortably with:
 - The Objects of the PMSA?
 - "Let honour stainless be"?
 - The new "success for every boy" tagline?
 - The broader BBC Community?
 - BBC's finances and financiers?
 - What are the alternative courses that BBC might take in order to achieve this success?
 - If the majority of scholarship funding was directed to improving a sporting programme (eg excellent coaches and equipment for all teams), would BBC's success be more sustainable and more attractive to potential clients?

- **Transparency.** The BBC Community is uninformed as to:
 - The scholarship selection criteria;
 - How subsidy recipients are identified; and
 - Whether the primary motivation of those conducting the scholarship process is:
 - Assisting talented, deserving boys who could not otherwise afford to attend BBC;
 - Promoting the best interests of BBC and its existing students;
 - The achievement of short term sporting success; or
 - Some other matter.
- **Cost.** Given the magnitude of the scholarship programme and its pervasiveness in every day BBC life, the BBC Community might reasonably be entitled to know:
 - The number of boys currently receiving a subsidy;
 - The total monetary value of the subsidy program;
 - All sources of funding and value provided, including government and third party subsidies and benefits; and
 - The percentage of school fees being directed towards subsidies.
- **Success.** How is the success of the subsidy programme assessed? For example, in addition to presumably improved sporting performances, what percentage of subsidised boys has:
 - Been awarded an OP or is on an OP path?
 - Received a Certificate of Education?
 - Failed to complete senior at BBC (and why)?
 - Repeated a year at BBC while on a subsidy?

Anecdotally and subject to verification, I have been advised by reliable sources that:

- Up to 100 boys or 6.4% of the student population are currently being subsidised.
- Some of the rugby players who are being subsidised are in fact already contracted to professional rugby league clubs. BBC has effectively become an incubator of junior talent for professional rugby league clubs looking for a controlled environment in which their underage recruits might mature.
- The B rugby teams at BBC are being referred to as the “POPs”: “**P**arents wh**O** Pay”.

While these ‘strategic’ subsidies may result in sporting success, I am compelled to ask at what cost?

- Those old boys who continue to ascribe value to “Let honour stainless be” may have some trouble reconciling with acquired sporting success of the magnitude currently in train.
- Those full fee paying parents are being forced to grapple with the dual impact of their fees being spent on subsidies for boys who are taking their sons’ positions in the top sporting teams.
- Those of the Community who donate to the Foundation may start to question how and where their donations are being applied.

Sporting scholarships are a divisive matter and go to the fabric of a schools culture. As stated earlier, I am not against scholarships but would take comfort if I understood that the PMSA Council had thoroughly considered and stress-tested the course upon which the Administration has embarked.

5.4 Questionable operational capability

It is not within the scope of this paper to delve into day-to-day management at BBC. However, to augment my governance arguments I will make reference to one management function - BBC's human resources ("HR") function.

BBC has taken a battering in the media over the dismissal of the former Director of Rowing. Assuming the College has reasonable grounds for its position, I sincerely hope that a claim for severance compensation attaching to his departure will be resisted. However, whichever way the matter proceeds BBC is likely to incur significant costs.

I understand that this might be one of a number of HR-related costs incurred by BBC in recent times. It would be naïve to suggest that such costs are unique to BBC, as all schools have their HR issues, but we do seem to have had more than our fair share.

Indeed, the recent judgment of the Industrial Relation Commission in Brisbane Boys' College v Simon Blackwood (Workers' Compensation Regulator) (First Respondent) and Bevan Messenger (Second Respondent) does not exactly provide an endorsement of BBC's HR function.

It is not clear what visibility, if any, the PMSA Council has into the recent HR issues but I would assert that there is a point at which the governors of a school would be expected to investigate particular operational matters, particularly when there is a risk of direct or collateral damage to the school's standing and, ultimately, enrolments.

5.5 Enrolments

I understand that BBC:

- Currently has 1569 boys enrolled;
- Has 89 sons of old boys which, as discussed in section 5.2, would suggest systemic softness in what should be a strong source of enrolments;
- May potentially have up to 20 student vacancies and a small, if any, waiting list; and
- Has soft enrolment figures which are being bolstered by the estimated 100 boys who are being subsidised.

If my figures are correct it would seem that there are more boys at BBC being financially subsidised than there are sons of old boys!

In short, enrolments at BBC appear to be worryingly soft.

With respect, I have seen no research commissioned by BBC or its governing bodies as to why such a superb facility located in such a strategic position is struggling to fill its enrolments. These issues will presumably only be exacerbated by such factors as Nudgee Junior's move into senior schooling and the recent press on BBC that portrayed the College in such a poor light.

5.6 Financial debt

I understand that Brisbane Grammar School's balance sheet is effectively in a cash positive position. I have also been advised that Anglican Church Grammar School has a policy whereby school indebtedness may not exceed a modest, Council-imposed cap⁸, and that they are currently under that cap.

In contrast, I understand BBC has debt in excess of \$30 million⁹ or approximately \$19,000 per student enrolled. Of course, BBC has recently constructed two wonderful buildings but, tellingly, Grammar and Churchie have also just completed significant capital expenditure programmes.

In this time of heightened community expectations around disclosure, I would respectfully suggest that BBC's debt levels, interest rate burden and debt policies are something an intending parent might consider material to their choice of school. This may particularly be the case if the intending parent understood that a significant percentage of their fees are effectively being applied to debt repayment (and financial subsidies for other boys).

Even if fee income is not being directly applied to debt repayment, there is a significant opportunity cost attaching to the funds that are being so applied. At the most obvious level, those funds could be applied to reducing BBC fees, thereby making BBC more accessible to those who would dearly love to send their sons to the College but can't afford to do so.

The strategic matters pertaining to debt that I would hope are being debated at the PMSA Council include:

- Whether BBC has a legal, moral or commercial obligation to disclose its financial position;
- The robustness of BBC's debt repayment programme and the risks attaching to it;
- The detailed, long-term master plan for the development of BBC's land and buildings;
- Whether BBC's facilities (eg., boarding house, swimming pool) are competitive with those of our rival schools and, if not, whether it is impacting enrolments;
- The order in which BBC's capital expenditure priorities are to be met and the communication of such to the BBC Community; and
- Whether the strategic imperative underpinning the acquisition of the proposed Oxley Playing Fields remains or whether the significant capital invested in the project might be better applied elsewhere.

⁸ I understand this debt cap at Churchie is less than 50% of my understanding of BBC's level of indebtedness.

⁹ I have not been able to ascertain the actual level of BBC's indebtedness but have not been corrected when I have repeatedly used the expression "more than \$30 million of debt" with those associated with BBC who do in fact know the actual debt levels.

6. CONCLUSION

In section 3, I have attempted to illustrate best practice governance for leading boys' schools.

As discussed in sections 4 and 5, BBC's governance structure falls well short of the best practice employed at leading boys' schools, with consequentially negative outcomes and implications.

BBC has the potential to become a truly great boys' school but is unlikely to realise that potential under the current governance structure. While that may not be unacceptable in a remote, portfolio approach to managing schools, it is highly unpalatable to those of us who love BBC and who would see the College and its/our boys become the best they can be.

Introducing best practice governance should not be an unduly complicated matter but will first require the Presbyterian Church and the Uniting Church to reach agreement on some fundamental matters.

Once the Churches have settled these matters, there will be no shortage of assistance available from the BBC Community to put into effect the required changes. I would be pleased to assist with the marshalling of the required resources for this worthwhile endeavour.

As stated in section 1, I do not believe that the changes under consideration would mean that existing PMSA or BBC Councillors (or other school councillors) are no longer required. Rather, I would suggest that the resulting individual school councils would need to be augmented with appropriate talent – from the Community and through due process.

*** **

APPENDIX A: STANDING OF AUTHOR

1. Involvement with BBC

BBC has been a significant part of David Addis' life since even before he was born. Both of his grandfathers attended BBC at Clayfield and, had he not gone jackarooing, David's father would have commenced at BBC in 1950.

David has an enduring love for BBC, shaped by his association over the past 35 years, and only has the best interests of the College at heart.

1.1 *Student: 1979-1983*

After winning a full academic scholarship, David entered BBC in 1979 as a Year 8 boarder. He quickly immersed himself in the various activities available at BBC and at various times represented the College (and Rudd House) in athletics, cricket, cross country, debating, Interact, oratory, rugby, rowing and swimming. In his final year, David achieved the following:

- School Captain
- Dux of School
- Rudd House Captain
- Stroke of 1st VIII
- Senior A Debating
- President of Interact Club
- Old Collegians' Prize of Studies, Sports and Leadership
- TE Score of 990 (OP1 equivalent)

1.2 *Old boy: 1984-89*

After BBC, David completed Commerce and Laws degrees at the University of Queensland. During his five years at University, David maintained contact with BBC:

- Boarding master 1986-88
- Rowing coach 1988-90
- Old Collegians' Association ("OCA") Committee 1985-88.

1.3 *Old boy: 2007 - present*

After returning to Brisbane, David once again became involved at BBC:

- OCA Committee 2007-08
- Chairman of BBC Foundation 2009-11
- Trustee of BBC Foundation (\$20,000 donation)
- Rowing coach 2012-13
- Architect and driver of strategic review of the BBC rowing program 2009-10.

1.4 *Parent: 2012 - present*

David's only son commenced Year 3 at BBC in 2012.

2. Professional summary

2.1 Education

Years	Institution	Selected achievements
1984-89	University of Queensland	<ul style="list-style-type: none"> • Bachelor of Commerce (BCom) • Bachelor of Laws (LLB)
1990-92	Institute of Chartered Accountants	<ul style="list-style-type: none"> • Chartered Accountant (CA) • Merit award – Taxation (4th in NSW)
2013	Australian Institute of Company Directors	<ul style="list-style-type: none"> • MAICD

2.2 Career

Period	Organisation	Title	Location	Role
2013-14	QIC	Consultant	Brisbane	Mergers & acquisitions
2011-12	QIC	Managing Director Corporate Strategy	Brisbane	Corporate strategy and business development
2010	Wilson HTM	Director	Brisbane	Mergers & acquisitions
2005-09	Investec Bank	Queensland Head	Brisbane	Office head and mergers & acquisitions
2004	PwC	Director	Brisbane	Mergers and acquisitions
2000-03	Macquarie Funds	Associate Director	Brisbane	Business development and strategy
1997-99	Macquarie Bank	Associate Director	Sydney	Mergers & acquisitions
1994-96	Rothschild	Manager	Sydney	Mergers & acquisitions
1992-93	Bankers Trust	Analyst	Melbourne	Mergers & acquisitions
'87,90-92	Ernst & Young	Taxation Consultant	Bris / Sydney	Corporate tax

APPENDIX B: GLOSSARY

Term	Definition
ACARA	Australian Curriculum, Assessment and Reporting Authority
ACGS	Anglican Church Grammar School
BBC	Brisbane Boys' College
BGS	Brisbane Grammar School
Churches	Presbyterian Church and Uniting Church
Churchie	Anglican Church Grammar School
College	Brisbane Boys' College
Community	BBC Community
Councillor	Councillor of the BBC Council and/or PMSA Council
Grammar	Brisbane Grammar School
GT	St. Joseph's College Gregory Terrace
HR	Human Resources
NC	St. Joseph's Nudgee College
Nudgee	St. Joseph's Nudgee College
PMSA	Presbyterian and Methodist Schools Association
OP	Overall Position
Presbyterian Church	Presbyterian Church of Queensland
Uniting Church	Uniting Church of Australia