
Executive Summary

School Governance Steering Committee Position Paper:

The governance of parish and diocesan schools in the Archdiocese of Melbourne

August 2020

Governance of schools in the Archdiocese of Melbourne

Catholic education has a rich history in Victoria and in February 2020 there were 499 Catholic schools in Victoria with over 210,000 students, employing more than 22,000 staff. From a governance perspective, 335 of these schools sit within the Archdiocese of Melbourne with, as of 1 January 2021, 294 schools owned by the Archdiocese, its parishes or associations of parishes. The remaining 39 schools are owned and governed by religious institutes (RIs) or ministerial public juridic persons (MPJPs).

The governance arrangements for the 294 schools owned by the Archdiocese, its parishes or associations of parishes will change in 2021 and are the principal subject of this Position Paper.

What is the governance change?

The governance arrangements for parish and diocesan schools in the Archdiocese of Melbourne are being changed in a process which will see schools transferred into a corporate entity that is responsible for the governance and operations of the schools. Changes need to be made by 1 January 2021.

All 294 schools owned by the Archdiocese and its parishes will be directly affected by this change, including 261 parish primary schools, 26 secondary colleges that belong to associations of parishes and seven schools that belong to the Archdiocese.¹

Why is the change happening?

The changes meet with the Australian Catholic Bishops Conference (ACBC) acceptance of Recommendation 16.6 from the Royal Commission into Institutional Responses to Child Sexual Abuse: that bishops ensure parish priests are not the employers of principals and teachers in Catholic schools.

The changes also align with the Victorian Government acceptance in 2014 of the recommendations of the *Betrayal of Trust* Parliamentary Inquiry, which included a requirement for organisations providing services to children to be appropriately insured and operated under an incorporated body. This requirement is scheduled to take effect in funding agreements for Catholic schools from 1 January 2021.

¹ Further details regarding the types of schools and their governance and ownership are provided in Section 2. It should be noted that all but seven of the 294 schools are owned by a parish or an association of parishes. Five of the seven schools that are owned by the Archdiocese are secondary or combined schools, with the remaining two schools providing services to students with disabilities. Two of the seven diocesan schools are owned by the Archdiocese, but governed by an incorporated entity.

While the ACBC commitment and the Victorian Government funding requirements provide visible and obvious drivers for the current change process, the impetus for governance reform has a much longer history in the Archdiocese. Various governance and management models are discussed in documents written since 2003, with the main driver being the significant increase in accountability, compliance and reporting requirements of both state and federal governments. The governance changes also seek to lessen this compliance burden, which has become increasingly onerous for a single individual who is being asked to be responsible for the increasing breadth and complexity of legislation and regulation associated with school governance.

Archdiocese response

Following an extensive consultation process with key stakeholders, which commenced in October 2019, the Steering Committee identified four threshold issues and prepared four papers for further discussion:

- Threshold Issue 1: Catholicity
- Threshold Issue 2: Governance, Leadership and Management
- Threshold Issue 3: Incorporation
- Threshold Issue 4: Transfer of Assets and Liabilities.

The papers were published for discussion and feedback at four regional gatherings of clergy and principals in March 2020. Further feedback was also received via the Governance website, the School Governors and Principals Briefing, and the focus group meetings that took place after the regional gatherings of clergy and principals. This consultation shaped the Steering Committee's conclusions that ultimately informed the design of a governance model.

Proposed governance model – the company

Type of company

The establishment of a not-for-profit company limited by guarantee has been identified as the most appropriate civil vehicle for fulfilling the requirements of both incorporation and ministry. The company name is proposed to be Melbourne Archdiocese Catholic Schools Ltd (MACS).

The company constitution

A constitution will be developed that details key aspects of the company's objectives, relationships, roles and responsibilities.

A key feature of the constitution will be the Statement of Mission that expresses the company's mission and purpose and is designed to protect the Catholicity of the company, as well as being robust enough to last for the long term.

The constitution will detail the member's rights and reserve powers, and outline the role of the board of directors that will take responsibility for the fiduciary and strategic aspects of the company. It will also define the role of the executive director. The constitution will create checks and balances in the relationships between the layers of the company: from the member to the board, and to management through the executive director.

The member

To establish structures that comply with canonical and governance requirements, it is proposed that the Archbishop is the sole member of the not-for-profit company limited by guarantee.

Reserve powers

The member has no direct role, right or responsibility in governance matters, other than to keep the board faithful to the mission of the company. This is achieved via reserve powers which will include, but not be limited to, such matters as appointing board members, ratifying the appointment of the board's executive director, and approving the closing and opening of new schools.

The Statement of Mission

The following Statement of Mission is proposed:

Catholic schooling seeks to provide the young with the best kind of education possible, one that fosters a formation of the whole person that is deeply and enduringly humanising.²

Education is integral to the mission of the Church to proclaim the Good News. First and foremost every Catholic educational institution is a place to encounter the living God who in Jesus Christ reveals his transforming love and truth. This relationship elicits a desire to grow in the knowledge and understanding of Christ and his teaching. In this way those who meet him are drawn by the very power of the Gospel to lead a new life characterized by all that is beautiful, good, and true; a life of Christian witness nurtured and strengthened within the community of our Lord's disciples, the Church.³

With parents and parishes, Catholic schooling seeks to fulfil this mission by providing an environment in which students are enabled to:

- encounter God in Christ and deepen their relationship with him
- pursue wisdom and truth encouraged by a supportive academic culture
- grow in the practice of virtue, responsible freedom and serving the common good.

A Catholic school:

- is actively embedded in the life of the faith communities of the local Church, which in turn is tangibly manifest in the life of each school
- is an essential place for the evangelising of children and young people
- exists to assist students and their families to integrate faith, reason, life and culture⁴
- is conspicuously Christian in outlook, explicitly Catholic in faith and practice, and intentionally missionary in orientation
- cultivates spiritual, social and emotional growth in a safe and protective environment
- provides a learning environment in which the whole educational community is formed to embrace life in all its fullness⁵
- offers a human formation that has the intellectual, practical and moral excellence of learners at its heart
- forms consciences, fosters peace and develops respectful dialogue at the service of intellectual charity
- encourages the discovery of Catholic cultural heritage, especially in art, music, literature and architecture.

Catholic schools, which always strive to join their work of education with the explicit proclamation of the Gospel, are a most valuable resource for the evangelization of culture.⁶

The good work of educating the young, undertaken in the light of the Gospel, is a co-responsible task led by every member of the Catholic school community. Modelled by parents, principals and teachers, in prayer and with wisdom, through witness and by example, Catholic schooling is at the service of the integral human formation of children and young people in Christ.

² Pope Francis, [Christus Vivit](#), Libreria Editrice Vaticana, Rome, 2019, n. 223.

³ Pope Benedict XVI, [Address to Catholic educators](#), Libreria Editrice Vaticana, Rome, 2008.

⁴ Pope Francis, [Christus Vivit](#), Libreria Editrice Vaticana, Rome, 2019, n. 222.

⁵ John 10: 10.

⁶ Pope Francis, [Evangelii Gaudium](#), Libreria Editrice Vaticana, Rome, 2013, n. 134.

A Catholic school is *eucharistic* in character. The sacramental and prayer life of the local Church, especially in the gathering of God's People in Sunday Mass, is integral to the mission of a Catholic school and indispensable to its richness. A fruitful sign of the living witness of faith with parents and parishes is the participation of students and families in the life, mission and work of the local faith community, especially in the call to worship God and to serve the poor and marginalised (Acts 2: 42–47).

By cultivating a maturing of faith and the intellectual life through the modelling of good relationships, Catholic school students are prepared for living fruitfully in the world.

Board of directors

The board of directors will be responsible for ensuring the objects of Catholic education as set forth in the company's constitution are enacted faithfully and effectively. It will be responsible for the fiduciary and strategic aspects of a highly complex company that operates the largest Catholic education system in Australia.

Given the fiduciary and strategic characteristics of the role, highly skilled and knowledgeable directors will need to be appointed. A core competency of all directors will be Catholic culture/experience and board members will need to receive ongoing formation so that they are equipped for the very significant role they will play in the Archdiocese.

The company operating model and management team

An executive director is appointed by the board to manage the company, with the managerial powers delegated to the executive director subject to specific limitations and powers specified in the company constitution and other specific authorities and delegations developed by the board.

The executive director will develop a strategic plan, operating model and management team to operate and manage Catholic education in the Archdiocese to ensure that the operations of the company are aligned with its mission and purpose in fulfilment of ecclesial, legal and statutory requirements, and board policies and directives.

The company will utilise the existing infrastructure and resources of Catholic Education Melbourne (CEM) to effectively create the operating model and management team of the company.

The management team will be responsible for the 294 schools that will be governed and operated by the new company. Currently these schools are governed and managed by either a parish priest, an association of parish priests, delegated canonical administrators or an incorporated body. Under the new governance model, this role will be assumed by MACS, with management becoming the responsibility of MACS' management team.

A critical element of the company operating model will be the overarching policies and procedures framework. New policies will be created to manage the organisation's new corporate status and obligations, while a number of operational policies will be transferred from current CEM policies, particularly those surrounding regulators, as the requirements will not have changed.

Appropriate 'Authorities and Delegations' schedules will be an important aspect of the policies and procedures framework and will need to be carefully calibrated so that the board is able to fulfil its governance responsibilities, while at the same time ensuring that the principle of subsidiarity is honoured.

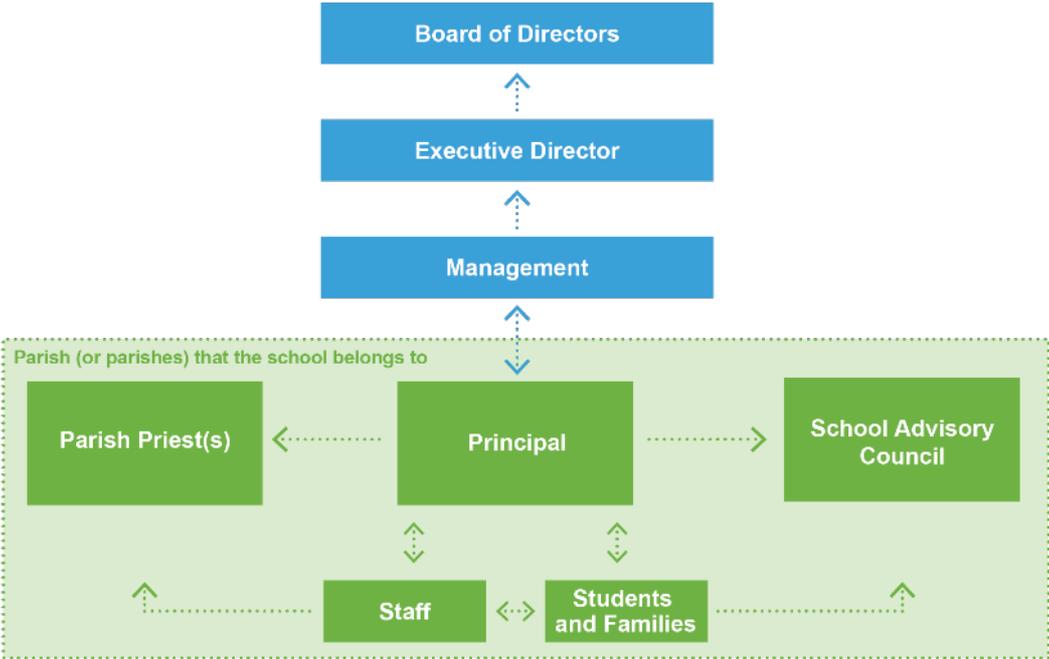
Local operating model – the schools

The 294 schools of the Archdiocese are different in many ways and each school community presents a unique context for the exercise of the school's mission. A key strength of any education system is respect for leadership at the local level that, true to the principle of subsidiarity, allows decisions to be made at the right level by those most affected.

An overarching school operating model should still be discernible in each school environment that reflects solidarity in a common mission of Catholic education and a fidelity to meeting the governance requirements of the board.

The overarching model will typically comprise the key elements outlined in the following diagram, which is an initial representation of the relationships between a parish and its school and the wider company. The same principles with local variations will apply to regional secondary colleges which are owned by an association of parishes or the Archdiocese.

The local operating model



The good work of educating the young is a co-responsible task led by every member of the Catholic school community. This requires strong leadership, particularly from priests and principals, who are mandated to lead their respective parishes and schools in drawing young people and their families into the knowledge and understanding of Christ and his teaching, which motivate them to become actively involved in the mission of the parish and Church at large.

A *Working Together in Mission* document will need to be developed in partnership with key stakeholders to articulate the features of the relationships between parishes and their schools that are essential for fidelity to mission.

Parish priests and canonical administrators

Catholic education is a key ministry of the parish, and the parish priest/canonical administrator is the key evangeliser and educator in faith within the parish. The responsibilities of the parish priest/canonical administrator for providing strong pastoral support and effective Catholic leadership of the parish, which includes the school community, are unchanged.

The parish priest/canonical administrator’s leadership and support are necessary to ensure the school is faithful to its distinctive Catholic identity and spirituality. For example, this will be expressed in the priest celebrating and leading the liturgical and sacramental life of the school.

The principal must ensure that the school provides opportunities and forums for the pastoral ministry of the parish priest. He will be included in school gatherings such as information events, the celebration of special liturgies, along with scheduled opportunities to visit classes.

The parish priest/canonical administrator has a key role with the principal in the faith formation of staff and will continue to participate in the principal selection process through membership of the selection panel. He should also be part of the selection process for the deputy principal and the Religious Education leader in the school.

The parish priest/canonical administrator will continue to represent the parish as the beneficial owner of the land and buildings occupied by each school. Clear protocols and agreements will be developed that recognise reciprocal matters such as the use of shared school and parish spaces, proposed master planning and building developments, and how any recompenses might be handled.

Principals

The principal is the educational leader of the Catholic school and works most closely with the parish priest/canonical administrator in leading the Catholic identity, religious dimension and faith formation of the school and school community. Both the principal and the parish priest/canonical administrator have key faith leadership roles in building God's Kingdom – positively building the capability of teachers in enabling the growth and learning of all young people and the school community, with the strong hope that this encourages full participation in the worship and broader life of the parish or associated parishes in the case of secondary colleges.

The day-to-day leadership and management of the school are the responsibility of the principal. Principals exercise their leadership across a complex web of financial, regulatory, industrial and human resource requirements. The principal is witness to a wide network of relationships, including staff who share in the responsibility for contributing to the effectiveness and enactment of the school's mission and vision.

The new governance structure will see the principal have direct, delegated authority from MACS to lead schools, responding to local circumstances and aligned with broader policies and directions issued by MACS. These intents will be mediated to principals by MACS through its management team and by the vision of the parish as developed by the School Advisory Council, Parish Council and other parish forums.

The principle of solidarity that encourages diversity and system alignment, together with the principle of subsidiarity that reflects competent, local decision-making are features of this leadership model. Accordingly, the existing autonomy of school principals that enables them to competently lead school communities needs to be respected and maintained.

School Advisory Councils

School Advisory Councils are an important expression of the educational partnership that exists between parents, schools, parishes and the wider community. They provide a structure and a process for shared leadership and collaborative decision-making, where 'many gifts, one Spirit' facilitates a climate of good governance that supports 'the effective development of the strategic direction of the school'.⁷

Guidelines for the creation of School Advisory Councils will need to be sufficiently flexible to allow for local configuration according to need and capability. For example, some parishes and schools may decide to join together to establish a common council, whereas a larger school may feel that it has resources which enable it to establish a council in its own right.

The principal and parish priest will be ex officio members of the School Advisory Council.

⁷ Victorian Registration and Qualifications Authority (VRQA), [Guidelines to the Minimum Standards and Requirements for School Registration](#), VRQA, Melbourne, 2019, p. 9.

Recommendations

The Steering Committee makes the following recommendations in respect of the governance model for schools in the Catholic Archdiocese of Melbourne:

1. That a company limited by guarantee be created to govern and operate the schools that currently are owned by parishes, associations of parishes or the Archdiocese of Melbourne.
2. That the company be called Melbourne Archdiocese Catholic Schools Ltd (MACS) and be established by the Archbishop of Melbourne.
3. That the Archbishop be the sole member of the company.
4. That a constitution be developed for the company that clearly articulates its purpose and mission and defines the relationship between the member and the board of directors, including the reserve powers of the member to ensure that the board remains faithful to the purpose and mission.
5. That the board of directors be appointed by the member in a manner that recognises not only their commitment to the mission and values of Catholic education in the Archdiocese, but also the skills necessary for the proper discharge of the required fiduciary duties.
6. That the executive director of the company, under delegated authority from the board of directors, develop a strategic plan, an operating model and management team to operate and manage Catholic education in the Archdiocese in fulfilment of ecclesial, legal and statutory requirements, and board policies and directives.
7. That a *Working Together in Mission* document be developed in partnership with stakeholders to articulate the features of the relationships between parishes and their schools that are essential for fidelity to mission. This document will be informed by canonical advice and will articulate the roles and rights of parish priests, principals and associated structures, such as an Advisory Council for each school to provide a forum for the realisation of transparency, accountability, consultation and participation associated with contemporary governance and management practices.
8. That a policies and procedures framework, based on the principles of solidarity and subsidiarity, be developed in consultation with key stakeholders. The framework should cover appropriate delegations, roles, structures and protocols, and be designed to ensure that board requirements in respect of leadership, stewardship and management of the company and the education, care and welfare of its students are met.
9. That *School Transition Agreements* and *Right to Use Land and Buildings Agreements* between the parish and the company be developed in consultation with key stakeholders. Further, that arrangements for the use of shared facilities at each parish and school be formalised as part of the *Right to Use Land and Buildings Agreement* using the *Key Principles for the Use of Parish and School Facilities* developed by CEM and the Catholic Archdiocese of Melbourne (CAM) as the foundation.
10. That dialogue take place between MACS and key partners to assess and address the impact of the governance change on current relationships and services provided. The dialogue will include partners such as the Catholic Education Commission of Victoria Ltd, the Catholic education offices of other dioceses, the Catholic Religious Institute and Ministerial Public Juridic Person Victorian Schools Limited, Catholic Capital Grants (Victoria) Limited and the Catholic Education Long Service Leave Scheme.

Next steps

There are a range of actions required to implement the proposed governance model outlined above, including finalising a company constitution, incorporating a new company and establishing a board of directors. The executive director will also be required to develop a strategic plan, company operating model and management team.

In addition, there are a number of critical actions that will require detailed consultation. Four reference groups of parish priests, primary principals, secondary principals and CEM staff will be established to provide input on a number of significant documents that will shape the nature of the relationships between key stakeholders and the transition of schools to the company. These include:

Working Together in Mission

Recommendation 7 of the Position Paper is that a *Working Together in Mission* document be developed in partnership with stakeholders to articulate the features of the relationships between parishes and their schools that are essential for fidelity to mission. This document will be informed by canonical advice and will articulate the roles of parish priests, principals and School Advisory Councils.

Policies and procedures framework

While the board will have fiduciary responsibility for strategic direction and oversight of the management of MACS' operations, a range of powers and functions will be delegated to the executive director who in turn will develop an operating model within the company for the delegations to be exercised.

A critical element of the operating model will be the overarching policies and procedures framework (including authorities and delegations) that not only seeks to make the mission manifest and meet governance and business objectives, but also fulfil legislative and regulatory requirements.

School transition, 'right of use' and shared facilities

School Transition Agreements

A *School Transition Agreement* will need to be developed between each parish and MACS to facilitate the transfer of the school to the company. This agreement will record the transition of all assets (except land and buildings) such as bank accounts, accounts receivable, refundable parent deposits, inventory and equipment, furniture and fittings, and intangible assets such as contracts with third parties, enrolments, school records and documentation, domain names and school crests. It will also record the assumption of all liabilities by the company that relate to the school operation, such as employee entitlements, accounts payable and bank loans.

Right to Use Land and Buildings Agreements

The ownership of land and buildings will remain unchanged and the parish priest(s) will provide a right to MACS to use the land and buildings that relate to school operations. This is required legally for the purposes of school regulation, so that MACS can show certainty of access to the land and buildings where school operations are conducted.

The agreement will document a right of use arrangement on a long-term basis, under which MACS will effectively be a tenant that assumes all obligations and responsibilities ordinarily imposed on the landlord. All responsibilities and liabilities relating to the school land and buildings will transfer from the parish priest to MACS for so long as MACS continues to operate the school. This will include all costs associated with maintenance, insurance, capital works and all other costs that the parish priest will ordinarily be liable for as the owner of the land and buildings.

This agreement will also address the arrangements for those school sites that have shared use of facilities and will record the terms agreed between the parish priest and MACS. CEM, in collaboration with CAM, has developed the *Key Principles for the Use of Parish and School Facilities* to guide the development of a local memorandum of understanding for the shared facilities.