

JOINT PROPOSAL FOR INDEPENDENCE OF UMHLANGA COLLEGE (UC) FROM THE CONTROL OF DURBAN GIRLS COLLEGE (DGC)

1. INTRODUCTION

The Parent's Association (PA) has motivated for the independence of UC from DGC. DGC supports this motivation subject to various conditions precedent being met.

The options of retaining the status quo or attaining full independence were considered at the AGM of the PA on the 30th August 2011. Parents unanimously voted in favour of independence. Support for independence was also received at the 2009 and 2010 AGMs.

Shortly before the AGM, a circular was sent out calling for parents to indicate whether they were for or against the independence of UC. A total number of 358 votes in favour of the motion were received. No votes were received against the independence motion.

The issue of independence has been debated by the UC Board of Governors, the Section 21 members and the DGC Board. The general consensus is that Umhlanga College should be given its independence, and that the process should be conducted on an amicable basis with a view to UC and DGC maintaining close and cordial links both during and after the process. Mr and Mrs Muir are also in favour of the proposal and have committed future funding.

With the first steps having been taken, the process now requires consultation with the teachers and parents.

A meeting has taken place with the teachers, and this joint proposal is now presented to the teachers, with an invitation to revert to Greg Brooks with any suggestions or queries, which in turn will be passed on to the UC and DGC representatives.

In the event that teachers would prefer that UC not move to independence, then such a response will have to be debated between the proposers. A possible outcome of a response against independence would be that the status quo will remain, save that parents would have greater representation in the governance of the school.

2. OVERRIDING PRINCIPLES

Before any independence, DGC will be released from all financial obligations relating to UC, and UC will repay DGC and the DGC Trust, all amounts loaned or advanced to it.

There will be no change to:

- the ethos, culture and Christian values of the school;
- the current management structure of UC;
- staff conditions of employment;
- the school fee policy;
- the acceptance arrangements for girls going into Grade 8 that is currently in place with DGC.

The board of directors is to be appointed according to principles of good corporate governance.

DGC and UC wish to retain and develop the good relationships that have been experienced between them.

In the event that any High School is built, it will be built as a co-educational High School.

3. **REASONS FOR INDEPENDENCE**

The drive for independence is premised on the interrelated issues of strategic vision, corporate governance and the funding requirements of the school.

What the strategic vision of an independent UC encompasses is that UC:

- Must maintain and develop its own ethos and moral / value structures;
- Would aim at cornering a niche in the market;
- Would remain a co-educational school.

The retention of the status quo is simply no longer an option:

- Uncertainty prevails resulting in an element of negativity permeating the entire school (parents and teachers);
- The confidence of UC parents in both schools is being negatively affected;
- The take up of children at the school is suffering;
- The functioning of the board is affected;
- The growth of UC has not been matched with the infrastructure development. DGC has been unable to develop the school due to funding constraints due, in part, to its provision of security for the loan taken out by DGC to fund the school.

Although the high school issue seems to have initiated the drive for independence, it is not the focus of this proposal. It should be mentioned, however, that:

- The Umhlanga area has changed significantly since UC was founded;
- It is common cause between UC and DGC that the Umhlanga area is in need of a high school;

4. DETAILED PROPOSAL

CORPORATE GOVERNANCE

In the event of independence, it is intended that the entire structure be revisited and that the directors nominated by the new members of the Section 21 Company be tasked with appointing a management team to run the school. A list of prospective new members is attached to this proposal.

Currently the members of the UC Section 21 Company and its board are controlled by DGC. On the one hand, the board of UC is enjoined to make decisions in the interests of UC, but at the same time, they also have to protect the interests of DGC, which has the potential for a conflict of interests.

INFRASTRUCTURE PLAN

Infrastructure development has been limited due to funding constraints, with parents having to bear this responsibility as additional funding over fees. The following needs to be attended to:

- A multi-purpose hall is urgently needed, to cater for 1000 people and a variety of indoor sports;
- A free-standing remedial unit is needed, along with a full time staff member;
- Development of a School of Music, Drama and the Arts;
- An additional sports field is required;
- An increased IT capacity is required. This would include items such as Smartboards, teacher laptops, connectivity, wireless hotspots and ideally, laptops or netbooks for Grade 7s;
- A roll-out to 4 classes per grade over time. This would require additional classrooms but would improve depth across the grades.

RESOURCE PLAN

Additional teaching staff are required:

- Marketing manager;
- A full time IT teacher to cover JP and SP phases and separation of the IT manager's function from IT teaching function;
- Full-time librarian (SP phase);
- Resident school psychologist;
- Teachers to fill the expansion programme;
- Contracting of remedial staff in their private capacity to man facility;
- Contracting of music teachers in their private capacity to man facility.

SPORT PLAN

The PA, together with management, are currently running sports focus groups. UC need to focus on its niche position in the community. Through parent involvement, UC pupils already excel at horse riding, golf and mountain biking.

HORSE RIDING

We aim to attract private funding for horse riding and stables. A positive response has already been received from parents to this objective. We would consider establishing a horse-riding school on campus thereby cornering the niche in the market which our location provides...a "country school" in an urban setting. (UC came top in KZN primary schools and 3 pupils were selected in the KZN A Team for the Primary Schools National Championships).

GOLF

We aim to establish a school golf driving range (Hilton have successfully done this). A practice tee has already been incorporated into the R700 000 Astro turf project currently underway (funded again by the parents).

UC has just won the KZN qualifiers for the Ernie Els South African Primary School Championships.

MOUNTAIN BIKING

We aim to establish a facility similar to that of Giba Gorge and Holla Trails. We already have the farmhouse café operating on site and many biking trails in the area.

HOCKEY

We have the opportunity to hire out the use of the Astro turf and indoor sports hall. We are in a position to attract private clubs and funding for floodlights. There is no Astro turf facility North of Durban North. Not only is this an

opportunity to assist with funding, but will also provide a sense of community in the area.

MUSIC, DRAMA AND ARTS

Consideration needs to be given to dancing, after school drama as well as art and music classes, which a School of Music, Drama and Art would accommodate.

FINANCING PLAN

CURRENT SITUATION

- The current funding plan relies exclusively on debt finance. Total debt is approx R41m, made up of R35m from Standard Bank and over R6m from DGC and the DGC Trust. Whilst these loans earn interest, interest is deferred until the debts are repaid.
- The current plan is to pay the overall debt (the bank, DGC and the DGC Trust) back over the next six years. The average annual debt payment (capital and interest on the bank debt) is approx R8.4m.

REVISED STRATEGY

- With funding from the Muirs to pay off the R6m due to DGC and reduce overall debt to R35m.
- Restructure the remaining debt over 10 or 12 years on similar terms with different security (in other words, DGC will be completely released from its security requirements).
- The effect of the above would be to reduce annual debt repayments to approx R4.4 m (at prime less one over 12 years).
- The result is an annual cash flow improvement of approx R4 m.

FUNDRAISING PLAN

To establish a non profit Trust Fund that is a Public Benefit Organisation qualified to issue S18A tax certificates. This trust would be registered separately from UC and would be independently managed.

5. **DGC CONDITIONS**

DGC has submitted various conditions for independence, to UC. These are currently under discussion.

We envisage that the independence of UC from DGC will be manifested, in the short term, by a change in some of the members of the Section 21 Company of UC, so that the company will no longer be controlled by DGC representatives. In the medium to long term, and following a consultative process, we envisage broadening the membership of UC so as to include representatives from parents, teachers and former pupils. A balance between these parties must be ensured so that the school can be governed and driven in an objective and non-partisan manner.

6. **PROSPECTIVE MEMBERS**

- Eugene Roden – Managing Director of McCarthy Financial Services; Chair of McCarthy Risk Committee; Director of McCarthy Online (Pty) Ltd
- Murray Donkin – Divisional Executive; Nedbank Contact Centre Channel
- Miles Dally – CEO of Rainbow Chicken Limited (RCL) , Chairman of Rainbow Farms (Pty) Ltd, Chairman of Vector Logistics (Pty) Ltd and Non Executive Chairman of SC Johnson South Africa (Pty) Ltd
- Ivan Clark – Non-executive Deputy Chairman of Grindrod Limited; Chair of Unicorn Shipping Holdings (Pty) Ltd; Executive Chair of Grindrod Freight Investments; Non-executive Chairman of Chemical Specialities Limited
- Darrell Hill – Parent and existing board member
- Andrew Turner – Attorney, Director of Knight Turner Incorporated
- Wayne van der Poll – C.A.(SA), MD of ESS (Pty) Ltd, existing board member
- Mr and Mrs Muir – Founder/Principal of the Robert Muir Company; and Umhlanga College benefactor
- Gary Teichmann – Director of Teichmann Plant and Civils
- Gcina Zondi - CEO of Imbewu Capital Partners
- Head of School
- Those existing members who wish to continue to serve, and after discussions and agreement with the PA

