

# Macedon Grammar School shut down by government

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Macedon Grammar School has been closed by the state government amid allegations of serious financial mismanagement and impropriety at the troubled private Christian school.

The closure has cost 22 staff their jobs and left the parents of about 60 prep to year-12 students scrambling to find an alternative school for next year.

"The [Education Department] is working closely with local government, Catholic and independent schools to make the enrolment process as simple as possible for families," a department spokesperson said.

The decision to cancel the school's registration has also doomed a rescue plan by a foreign investment syndicate led by Chinese entrepreneur Wang Hua, who hoped to transform Macedon Grammar into an elite boarding school for the children of China's wealthy and powerful.

Fairfax Media can reveal that the demise of Macedon Grammar is expected to cost taxpayers nearly \$1 million in grants that were used to build campus facilities now considered virtually worthless.

Another \$512,910 is owed to staff in unpaid entitlements, while parents and suppliers have lost nearly \$300,000.

Macedon Grammar School was put into external administration in late November after education authorities threatened to cancel its accreditation following concerns about its management and financial viability raised nearly six months ago. The move also came after the school's board, principal, business manager and International Baccalaureate program co-ordinator all tendered their resignations.

But documents obtained by Fairfax show that Macedon Grammar has actually been operating at a loss for at least two years, raising allegations of insolvent trading and other potential violations of corporations law by the school's non-profit board.

"Our preliminary investigations have identified certain offences which we are in the process of reporting to [Consumer Affairs Victoria]," external administrator Worrells wrote.

The school's accounting practices were found to be sloppy to non-existent, and information on buildings constructed using more than \$1.11 million in government grants was "not readily available". In the wake of the school's closure, about \$988,000 should be refunded to the government but the money is unlikely to be recovered.

The local business left with the biggest debt is Organ's Coaches Kyneton, whose parent company was also left significantly out of pocket by the collapse of Mowbray College in 2012.

The bus company is owed almost \$52,000 in unpaid bills after the school missed a payment late in the year. "You always think educational institutions will be around forever," general manager Matt Baird said.

The administrator has also discovered a number of families received discounts on their school fees for unexplained reasons.

One father at the school said he understood some parents had entered into a deal where they would work one day a week at the school as "monitors" in exchange for a week of free schooling for their child.

The decision to close the school has come despite a last-minute rescue bid by the company Mountain Properties, which is backed by a syndicate of overseas investors who donated \$250,000 to Macedon Grammar to keep it open for the remainder of the school year.

The group, which includes wealthy Chinese entrepreneur Wang Hua, applied to continue the school's licence to operate and proposed expanding the campus into an international boarding school.

But the Victorian Registration and Qualifications Authority rejected the plan on Tuesday, cancelling Macedon Grammar's registration effective at midnight on December 31.

Fairfax understands the department was concerned about the viability of the proposed funding arrangements for the school and the sharp drop in enrolments – from 150 to less than 60 students – since it was placed into administration.

Mountain Properties is considering appealing the decision to the Victorian Civil and Administrative Tribunal and has called on the Education Minister to urgently review the department's decision.

"We're shocked and surprised at the decision to close a school unnecessarily," spokesman Craig Binnie said. "The consortium would have funded anything that school would have required to make it one of the best schools in the country."

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