

AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT SCHOOLS

PRESS RELEASE 482#

MALEK FAHD ISLAMIC SCHOOL TO REPAY ONLY \$9 m TO TAXPAYERS#

FURTHER EVIDENCE THAT RELIGIOUS SCHOOLS IN THE BUSINESS OF RORTING THE PUBLIC PURSE

DOGS have always argued that when the wall of separation between religion and the State falls down and religious enterprise is subsidised by State Treasuries, corruption is not far behind.

The latest evidence in the ongoing story of Australian religious men regarding education as a business enterprise with profits provided by public treasuries is that of the Malek Fahd Islamic school in the Liverpool area of southwest Sydney.

In an article from the Australian by Leo Shanahan July 31, 2012, *Malek Fahd Islamic school to Repay \$9m in Public Funds* we are told that millions of taxpayers dollars has been diverted to the country's peak Muslim body, the Australian Federation of Islamic Councils.

<http://sn108w.snt108.mail.live.com/default.aspx#!/mail/InboxLight.aspx?n=624714918!n=983911956&fid=1&fav=1&mid=df53fed5-daac-11e1-ae1b-002264c20336&fv=1>
<http://www.theaustralian.com.au/national-affairs/state-politics/malek-fahd-islamic-school-to-repay-9m-in-public-funds/story-e6frgczx-1226438977643>



Malek Fahd Islamic School in the Liverpool area of southwest Sydney, NSW. Picture: Jane Dempster SOURCE: The Australian

DOGS note the following:

- Why the outrage about this particular school? The use of schools as a publicly funded cash cow for religious organisations is inevitable if they are subsidised. <http://www.adogs.info/images/pr439.htm>
- There is minimal, if any proper accountability for public money once public services are contracted out to private, religious groups. In 2009 DOGS estimated that the Federal Education Department audited an individual school once every 50 years! See Press Release 256 at <http://www.adogs.info/images/pr256.htm>
- The lid is taken off the State Aid garbage bin and the stench reaches the public nostrils only when there is a complaint lodged from within an individual institution.
- There has been an abject failure on the part of State bureaucrats to follow the public money trail in the financial records of the major beneficiaries of State Aid – the Catholic church and other Christian groups.
- Only the State Education Minister is demanding the return of the \$9 million owing that government. Peter Garrett, craven and irresponsible as ever, is not demanding repayment of federal funds - since this would force the closure of the school.
- In the case of the Malek Fahd Islamic school – it should be closed and the children integrated into the public system.

- In the case of all religious schools, they receive so much State Aid, they should be made into public schools and rationalised. This makes proper economic, social and political sense.

DOGS have been attempting to publicise the accountability issue since 1964

Press Release 246 at <http://www.adogs.info/images/pr246.htm>

Press Release 270 at <http://www.adogs.info/images/pr270.htm>

Press Release 417 at <http://www.adogs.info/images/pr417.htm>

Press Release 423 at <http://www.adogs.info/images/pr423.htm>

Press Release 427 at <http://www.adogs.info/images/pr427.htm>

Press Release 429 at <http://www.adogs.info/images/pr429.htm>

Press Release 439 at <http://www.adogs.info/images/pr439.htm>

Press Release 440 at <http://www.adogs.info/images/pr440.htm>

Press Release 460 at <http://www.adogs.info/images/pr460.pdf>

Press Release 468 at <http://www.adogs.info/images/pr468.pdf>

Press Release 481 at <http://www.adogs.info/images/pr481.pdf>

A substantial part of the text of the *Australian* article is reproduced below for your information:

AUSTRALIA'S biggest Islamic school has been ordered to pay back \$9 million in public funds to the NSW government after it found millions in taxpayers' money had been diverted to the country's peak Muslim body.

Malek Fahd, which has more than 2000 students at its Greenacre campus in Sydney's southwest, receives almost 75 per cent of its funds from state and commonwealth governments.

Following an audit ordered by the federal government after reports in The Australian raised concerns about the school's financial relationship with the Australian Federation of Islamic Councils, Malek Fahd has been told to repay funding given to the school by NSW since 2010 and remains ineligible for state government funds.

NSW Education Minister Adrian Piccoli has also asked NSW police and the Australian Securities and Investments Commission to review the school's financial dealings to investigate possible action against those on the boards of the school and AFIC.

In August last year, an investigation by The Australian revealed that AFIC had been charging Malek Fahd millions of dollars in "management fees" for non-existent services and inflated rents. Mr Piccoli said yesterday he had concluded the funds being moved from the school to AFIC were not the proper use of educational funding and the school was operating for profit. "The NSW government provides funding to non-government schools for the education of students," Mr Piccoli said. "A condition of that funding is that those schools must operate on a not-for-profit basis. Where it is determined that this is not the case it is appropriate that funding be repaid."

A spokesman for federal Education Minister Peter Garrett, who ordered the audit into the school's finances, said he had been made aware of the NSW government decision yesterday, but the commonwealth would not demand the repayment of federal funds, a move that would force the closure of the school.

"The department is currently assessing the school's reply outlining new governance arrangements to ensure it adequately meets the requirements set in the Schools Assistance Act 2008, including that the school is operating as not-for-profit," the spokesman said. "The minister will consider this response before making a final determination."

The spokesman said a small amount of emergency funding could be made available but the school was yet to apply. "In the event of a school closure, the responsibility for student placements lies with the relevant jurisdiction."

A move to have the school wound up and placed into liquidation has been made in the NSW Supreme Court, after it allegedly failed to pay a school uniform supplier \$286,000 owed on contracts.

The Australian revealed last year that Malek Fahd paid AFIC \$5.2 million in "management fees" in 2010, an amount equal to one-third of the school's educational funding from the federal and state governments. The school has also been charged \$2.59m in back rent after AFIC retrospectively altered a lease agreement in 2009.

The school's chairman of directors, Ikebal Patel, was president of AFIC at the time, and other AFIC board members were also on the school board.

Mr Patel is secretary of AFIC (now called Muslims Australia), with Hafez Kassem installed as president earlier this year after the end of Mr Patel's term. The Australian understands Mr Patel is still the functioning president of the organisation and is still the school's chairman.

Mr Patel did not return a request for comment but has explained the payments "as simply the formalisation of some pre-existing arrangements and the recovery of some assistance given to Malek Fahd and other schools as they were starting out".

The school's principal Intaj Ali, who has overseen a largely successful educational performance at the school, could not be contacted but is understood to have been concerned by the actions of the school board and its relationship with AFIC.

In a letter to Dr Ali, obtained by The Australian, Mr Piccoli said that he had concluded the school was operating for profit in breach of NSW legislation. "After reviewing all the evidence provided by the school in response to the Oakton audit report, I have concluded that the school is operating for profit within the meaning of section 21A (of the NSW Education Act)," Mr Piccoli wrote. "This finding arises from the fact that the school has provided no substantive evidence of services provided for the running of the school in return for the payment of management fees to the Australian Federation of Islamic Councils from 2010."

Mr Piccoli told the principal Malek Fahd now owed the state government \$9,038,255.

He has also told Mr Garrett he has instructed the NSW Education Department to pass on documents relating the investigation to NSW Police and ASIC.

Mr Patel has not given an account of the funds once they went into AFIC, with a federal audit of the school ordered by Mr Garrett after The Australian found the school achieved no value for money for a range of payments worth millions of dollars to AFIC.

Mr Garrett expressed concerns about the school board's relationship with AFIC. "I consequently have concerns regarding the potential for conflict between the interests of the school and its students on the one hand, and the financial interests of AFIC on the other," Mr Garrett wrote to Dr Ali on March 21.

THE DOGS RADIO PROGRAM

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12.00 NOON SATURDAYS