

# AUSTRALIAN COUNCIL FOR THE DEFENCE OF GOVERNMENT SCHOOLS

PRESS RELEASE 548#

## CATHOLIC CHURCH ABUSE CLAIMS TO BE PAID FROM INTEREST ON \$6.3 BILLION STATE AID

The *Guardian* (Australia) and the *Australian* Newspaper have revealed some insight into an ongoing national scandal: the enormous wealth of the Australian Catholic Church and the complete lack of accountability for the billions of dollars of taxpayer funds with which this institution is endowed.

**On Wednesday 26 March the *Guardian* Newspaper** reported that the Business manager of the Sydney Archdiocese told the Royal Commission into Sexual Abuse that the Sydney Catholic archdiocese, a ‘voluntary not-for profit organisation’, controls funds worth more than \$1.24bn and has regularly made multimillion-dollar tax-free profits.

The Archdiocese banked tax-free surpluses of up to \$44m at the time church was vigorously defending John Ellis's abuse claim. [http://www.theguardian.com/world/2014/mar/26/sydney-catholic-archdiocese-controls-funds-worth-12bn?CMP=ema\\_632](http://www.theguardian.com/world/2014/mar/26/sydney-catholic-archdiocese-controls-funds-worth-12bn?CMP=ema_632).

### Education funds for abuse victims

**On Tuesday 1 April, 2014 - April Fools Day, the *Australian* Newspaper** reported that Child sex abuse victims are being compensated out of interest the Catholic Church earns from investing the billions of dollars it received in government grants for schools. The *Australian* has also confirmed that the practice, under which the grants are compulsorily invested in accounts held within each diocese’s internal treasury’ or development fund, also takes place elsewhere across NSW, Victoria and Queensland. Each diocese’s development fund acts like a **bank**, repaying an agreed rate of interest on the education funds they hold to the schools.

They also pool this money with other assets invested with commercial banks at a higher rate of interest, often generating multi-million-dollar, tax-free surpluses each year. Part of this money is then, in turn transferred to special funds under the direct control of each bishop, and at least one regional diocese is understood to have transferred more than \$1 million in this way last year. These discretionary funds are then used to pay for the lawyers and compensation payments involved in abuse cases.

**DOGS have to admit that the ongoing scandals of Church use of Taxpayer funds is no surprise.**

**The only answer to the problem is SEPARATION OF RELIGION AND THE STATE AND NO STATE AID TO RELIGIOUS SCHOOLS**

**This picture and excerpts from the report from the *Guardian* Newspaper 26 March tells the story of the great fortitude and courage of victims of abuse.**



Protesters outside the royal commission this week. Photograph: Bernadette Smith/Demotix/Corbis

The royal commission into child sex abuse heard the archdiocese banked surpluses of between \$7.7m and \$44m between 2004 and 2007, at the time the Catholic church was aggressively defending a claim for \$100,000 brought against it by former altar boy John Ellis. Ellis was abused by a paedophile priest from the age of 13 to 17 during the 1970s.

The church ultimately spent \$1.5m defending the case, winning in 2007 then pursuing Ellis for costs before abandoning the claim and paying him \$570,000 for counselling, a holiday and renovations.

The archdiocese business manager, Danny Casey, told the commission on Tuesday that the church's funds, worth \$1.24bn, included extensive property holdings and cash and were ultimately controlled by the archbishop.

The commission also heard the church is spending more on victim compensation and less on legal fees than in the past.

Casey said surpluses recorded by the diocese were exempt from income and capital gains tax and were reinvested to allow the church to do "good works".

The commission heard the archdiocese makes payments to victims of sexual abuse by priests from a \$426m "procurator fund". The fund is part of a complex asset base that includes an \$810m Catholic development fund, described by Casey as an "internal treasury" to the church.

Assets such as schools and nursing homes are not included in the archdiocese accounts.

Casey said the archdiocese had grown its assets by 86% in the 13 years since 2001, which is when Cardinal George Pell became archbishop. Payments to abuse victims had also increased while the church had slashed its spending on lawyers, he said.

"The total value of payments made to victims was \$1.281m between 2001 and the end of 2007," Casey said. "It is now \$5.51m since the end of 2007."

Casey rejected earlier evidence that Pell had signed off on all offers made to sexual abuse victims.

Previously, Monsignor Brian Rayner, the former chancellor of the archdiocese, testified he told Pell of all offers made to victims, including \$25,000 initially offered to Ellis.

Pell has denied knowledge of the offer, describing it as "grotesque" and Casey told the commission that Rayner did not need the archbishop's authorisation to act.

The cardinal has expressed regret at the handling of Ellis's case and on Tuesday Casey also described his own actions in the matter as mistaken.

The commission saw a 2007 email from the church's lawyers, Corrs Chambers Wessgarth, which stated that Casey would not pursue Ellis over costs if Ellis agreed never to talk to the press about his case.

Casey said he did not recall saying that but "if that was expressed by me it was completely wrong".

Pell returns to the commission on Wednesday.

[http://www.theguardian.com/world/2014/mar/26/sydney-catholic-archdiocese-controls-funds-worth-12bn?CMP=ema\\_632](http://www.theguardian.com/world/2014/mar/26/sydney-catholic-archdiocese-controls-funds-worth-12bn?CMP=ema_632)

<http://www.theguardian.com/world/2014/mar/24/george-pell-denies-being-aware-of-details-of-john-ellis-abuse-case?INTCMP=ILCNETTXT3487>

<http://www.theguardian.com/world/2014/mar/24/george-pell-cuts-an-ordinary-figure-as-he-seeks-to-blame-others?INTCMP=ILCNETTXT3487>

<http://www.theguardian.com/world/2014/mar/24/george-pell-vatican-saw-abuse-complainants-as-enemies-of-the-church?INTCMP=ILCNETTXT3487>