

Letter to parents and guardians

Dear Parent/ Guardian,

The NSW Department of Education has been investigating Al Amanah College at Bankstown and Liverpool in relation to the school's compliance with the *NSW Education Act 1990 (the Act)*. As the school receives funding from the NSW Government, the school must not operate 'for-profit'. This means that the school must ensure all payments using school funds are genuinely required to meet the educational objectives and requirements of the students and the operation of the school.

The Department's investigation found that the school was operating for-profit in the years 2011 to 2018 (inclusive). Amongst other things the school used its assets and income for purposes that were not needed for the operation of the school, including;

1. Since 2011, the school made payments (in the form of interest-free loans) to Salamah College Ltd. (a related entity) worth \$13.01 million.
2. Since 2011, the school made payments (in the form of interest-free loans) to Glenroy Private Ltd. (a non-government school in Victoria and a related entity) worth \$3.58 million.
3. The school purchased the property at 471 Chapel Road, Bankstown NSW in February 2006 for \$6.1 million. The property was purchased with an existing commercial lease registered on the title (Mantra Hotels - the tenant operated a hotel). That lease expired in 2016 but the school continued to use the property as a hotel (operated as Gardenview Hotel by a related entity) until 2019.
4. The school purchased the property at 8 Conway Road, Bankstown NSW in February 2012 for \$550,000 with the intention that the property support traffic access to the adjacent site at 471 Chapel Road, Bankstown, if that site was developed into a school campus. An existing residential house is located on this site. 471 Chapel Road, Bankstown was operated as a hotel and restaurant until 2019.
5. In 2016 the proprietor/school contracted Gardenview Apartments Pty. Ltd. for the refurbishment, repair and management of the hotel and restaurant located at 471 Chapel Road, Bankstown. The school paid this company \$165,000 for refurbishment costs. No market testing or competitive tendering process was undertaken to select the contractor, a related entity.
6. In Dec 2016 a rental appraisal indicated that 2-4 Winspear Avenue, Bankstown NSW (both properties the school is on) had a lease value of \$280,100 p.a. It is unlikely that building footprints of non-school buildings were excluded from the valuation. The 2 Winspear Ave lease states the school is liable for 100% of outgoings (no written lease for 4 Winspear Ave). In 2017 the school paid the Islamic Charity Projects Association Inc. at least \$23,000 more rent than what the rental appraisal indicated.
7. From 2015 the school made payments to a related entity for goods and services that were unreasonable in the circumstances having regard to the fact that financial assistance was provided to the school by the Minister. From 2012 to 2018 the school paid approx. \$3.5million to Darulfatwa Islamic High Council of Australia ("Darulfatwa"), a related entity. No market testing or competitive procurement practices were undertaken in relation to provision of these services. In 2014 the school paid Darulfatwa \$74,400 above the costs they were liable to pay.
8. In August 2011, the school paid Zamoquest Pty. Ltd, \$106,100 for landscaping (fencing), amenities and installation of playground equipment. At the time, two directors of the school were also directors and shareholders of Zamoquest Pty. Ltd.

These matters caused the school to be in breach of the Act that governs the use of the NSW Government financial assistance provided to non-government schools in NSW.

The directors and senior management of Al Amanah College have admitted that the school operated for profit in the years indicated. The current school Board acknowledges this historical non-compliance to the students, parents and guardians and the school community.

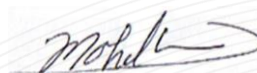
The Department has requested that Al Amanah College take steps to resolve these matters quickly to ensure stability and minimise disruption to students and staff of the school. The school has been placed on conditions and must comply with conditions in order to receive any future financial assistance from the Minister. A copy of those conditions can be found at <http://www.alamanah.nsw.edu.au/governance/>.

The school will continue to be monitored by the Department to assess the school's compliance with the Act.

Yours sincerely,



Chair of the Board
Al Amanah College



Head Principal
Al Amanah College