



MALEK FAHD ISLAMIC SCHOOL

ABN: 41003 864 891

KNOWLEDGE IS LIGHT & WORK IS WORSHIP

www.mfis.nsw.edu.au

INFORMATION UPDATE

FROM THE BOARD OF MALEK FAHD ISLAMIC SCHOOL

Assalamualiakum

Friday 11 August 2017

Here is important information on matters critical to the long-term future of Malek Fahd Islamic School.

Supreme Court case against AFIC

You will have heard much about the Supreme Court case that Malek Fahd Islamic School has brought against the Australian Federation of Islamic Councils (AFIC).

It is a topic of discussion in our community. The Board wants you to know what this case is about.

Some may ask why it is necessary to take legal action and why the School is pursuing it so vigorously. The answer is simple. In June 2016, the Federal Court of Australia required MFIS to give an undertaking to the Court to begin without delay court proceedings to recover from AFIC money that it was advised could be recovered from AFIC. This was a condition of the Commonwealth Government continuing to fund the School. The Board instructed its legal and financial advisors to investigate what had happened in the past. As a result, proceedings against AFIC began in September 2016, followed by evidence filed in Court last month (July).

From these investigations, it appears to us that former Boards of the School were largely run by AFIC and often acted in the interests of AFIC, rather than the School. Millions of dollars were transferred from the School to buy property for AFIC, which still owns those properties. Millions of dollars more were paid by the School to AFIC without, it appears to us, proper basis. The money transferred to AFIC came from the School fees paid by you and other parents, from the NSW Government and from the Commonwealth. We are convinced that the School's government funding will not be restored until we diligently act to recover this money and properties from AFIC and adjust the School's lease arrangements to a fair market basis.

Here are four examples where it appears that School money was used to create assets for AFIC. Further details are available in the court pleadings filed in the Supreme Court.

In 2000, AFIC purchased a property at Condell Park for \$7.1 million. The \$1.42 million for the deposit and GST was paid by MFIS. AFIC obtained a bank loan to pay for the rest of the property. At the same time, AFIC increased the rent on the Greenacre school campus from \$75,000 a year to \$900,000 a year to meet the loan repayments. This was far in excess of market rent for the Greenacre property, estimated to be \$325,000 a year.

Three years later, the Condell Park property was sold by AFIC for \$10.35 million. AFIC did not return the \$1.42 million to MFIS, pay the profit on sale of the property to the School or reduce the Greenacre rent, which stayed at \$900,000 a year. AFIC still has not repaid the \$1.42 million.

In 2008, AFIC purchased the Hoxton Park property for \$4.97 million. To pay for it, AFIC again increased the Greenacre rent, this time to \$1.3 million a year. It required the school to pay five years rent in advance, totalling \$6.3 million. It used this money to pay for the Hoxton Park property. AFIC still owns Hoxton Park. AFIC also charges the School \$500,000 a year in rent for Hoxton Park. This appears to be more than double the market rent, estimated to be \$210,000 a year.

In January 2011, AFIC purchased the Beaumont Hills property for \$9.2 million. It paid for it by requiring the School to pay rent of \$920,000 a year, with nine years paid in advance. This rent also appears to be more than double the market rate, estimated to be \$400,000 a year.

It appears that the rent on Greenacre was further increased when AFIC needed money. In 2009, AFIC increased the Greenacre rent to \$1.5 million a year and backdated the increase to 2004. In August 2009, the School paid \$2,790,758 to AFIC as part of the back-dated increase.

This is not all of it. It is, though, enough to show that the transfer of money from the School to AFIC was on a large scale and does not appear to have been in the interest of the School.

AFIC has denied the claims. It is now for the Supreme Court to determine.

It may well be the case that AFIC is under new management, as indeed is Malek Fahd Islamic School. Just as our School is being held to account by the Commonwealth and the State for the actions of previous Boards, so too must AFIC be held to account for the actions of its past Boards.

It is only through the successful resolution of this case that our School's future will be assured.

It is essential to remember that, at all times, it is the duty of the MFIS Board to act in the best interests of the School. We will do all in our power to secure the future of our School.

A mediation session is scheduled for Thursday 24 August. A court-appointed mediator will manage the session. If matters cannot be resolved on that day, the case will proceed to the Supreme Court on Monday 6 November 2017.

Board appointments

Following my appointment as Chair of the MFIS Board at its meeting on Friday 4 August, the Board resolved to appoint **Dr John Edwards** as Deputy Chair. In addition, **Ben Marsh**, the School's Business Manager, will become the Board Secretary, and **Ayda Succarie**, who recently joined the Board, will become a member of the Risk Audit and Compliance Committee.

The Board also decided to establish an Information and Communication Technology (ICT) Committee. It will sit alongside the Board's other important standing committees and will focus on all aspects of ICT. A small working party is finalising the Charter for this committee. It will be considered at the next Board meeting on 25 August. The membership of this committee will consist of both Board and non-Board members chosen for their experience and knowledge of ICT.

The Gala Dinner and the Eid Festival

I am sure you will have seen the flyers advertising the Gala Dinner to be held from 6pm to 10pm on Friday 25 August at the Villa Blanca Reception Centre, Bankstown, and the Carnival for Eid-al-Adha to be held from 10am to 7pm on Monday 4 September at the Greenacre Campus.

The Gala Dinner is the first of its kind. It is an important statement about our resolve and our belief in our School's future. It is a fundraising event to support the growth of our School. At the suggestion of the Parents Advisory Committee, it is planned that the money raised from the event this year will go towards exciting new learning programs for the students involving information and communication technology. It is hoped that this Gala Dinner will become an annual event.

The Carnival for Eid-al-Adha will also be exciting. It is hoped that as many people as possible will be able to attend and partake for at least part of the day.

Mr Rixon and his staff, assisted by the Parents Advisory Committee and **Ayda Succarie**, are doing a great job of finalising plans for these events. They will provide further details as things are finalised.

Jazakallah Khairan for your ongoing support.

Wassalam

DR JOHN BENNETT

Chair