

## EDUCATION, SCIENCE AND TRAINING

### SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2004-2005 BUDGET ESTIMATES HEARING

**Outcome:** 1  
**Output Group:** 1.1 – Funding to Schools

#### DEST Question No. E006\_05

Senator Carr asked on 1 June, 2004, EWRE Hansard pages 98-99.

*Refers to E856\_04*

#### **Question:**

- I want to know whether or not the ASIC records demonstrate whether the former and new ownership of the school is after the point of sale of the so-called school and whether the assets of the school were disposed of. Can you confirm that the school was sold to the Methodist and Presbyterian Schools Association by Sunshine Coast Grammar School for a profit company limited by shares?
- According to ASIC's records, the company Sunshine Coast Grammar School Pty Ltd has recently changed its name to Sayipassed Queensland Pty Ltd and its major shareholder remains Mr William John Burgess. It would be reasonable to infer that the activity was the running of the school and that it is the same school that is receiving Commonwealth moneys. What I am interested to know is whether or not the Commonwealth guidelines with regard to conditions for the payments of Commonwealth moneys for not for profit mean anything when you have examples such as this. You will check this and presumably tell me whether or not DEST has adequate capacity to scrutinise the operations of the schools to ensure that the structures surrounding so-called not-for-profit entities are in fact running services not for profit. I have mentioned two tonight—the overlap of staff and personnel and the company structures. Do you think you should examine whether or not there are overlapping directorships or personnel with companies that would have a reasonable expectation of owning the property or the school in question?

#### **Answer:**

*Sunshine Coast Grammar School*

Ownership of the Sunshine Coast Grammar School was formally transferred from Sunshine Coast Grammar School Ltd to Presbyterian and Methodist Schools Association (PMSA) on 23 January 2004. The PMSA has confirmed that it purchased all assets associated with the sale of the school.

As a body corporate under *The Religious Educational and Charitable Institutions Act of 1861*, the PMSA is not conducted for profit nor is it a company limited by shares.

In regard to ASIC records, there is no apparent point of sale recorded or details relating to the disposal of assets. It would be expected this information be obtainable through the annual report of Sunshine Coast Grammar School Ltd (now known as Sayipassed Queensland Pty Ltd) once lodged with ASIC. In any case, the Department is not required to obtain such information when processing a school's change of approved authority.

The Sunshine Coast Grammar School Ltd change of name and its current list of shareholders are not relevant to the Department as full responsibility of the Sunshine Coast Grammar School has been transferred to PMSA.

It is accepted that the Department has the capacity to sufficiently scrutinise the operations of schools to ensure their non-profit status. While the *States Grants (Primary and Secondary Education Assistance) Act 2000* does not define “not for profit”, there are provisions in Corporations legislation and Taxation legislation which govern the issue of whether a company is conducted for some purpose other than profit. Not for profit or non-profit organisations are organisations that are not carried on for the purpose of making profits, and that any profits that are made are prohibited from being distributed to the members of the organisation. This prohibition may extend to profits being distributed on the winding up or dissolution of the Company. If a company is not being conducted in accordance with the provisions set out in its Constitution then the matter can be referred to the Australian Securities and Investment Commission for investigation.

Non-government schools are required to submit Financial Questionnaires to the Department which are drawn from accounts independently audited or based on information submitted to a Qualified Accountant for audit purposes. A copy of the Qualified Accountant’s opinion is forwarded to the Department. If a school’s accounts showed that the company was operating for profit it would be expected that the Qualified Accountant or Auditor would raise this as a concern.

The Department will take steps to examine overlapping directorships or personnel within companies should there be a question over the legitimacy of the organisation’s non-profit status.