

A conclusion in search of a premise II

The Age has decided the Catholic Education Commission of Victoria Ltd (CECV) is steering public funding for schools to the Church's internal funds management and finance institution, the Catholic Development Fund (CDF), allowing the CDF to cream off interest and divert education funds elsewhere.

To try to make it all stack up, *The Age* has put a series of questions to the Catholic Education Commission of Victoria Ltd. Let's go through them one by one.

Question One: Does the CECV require Catholic parish schools to deposit their funds with the CDF?

Answer: No. The CECV does not invest funds with CDFs either.

The Age's story effectively falls over here, but let's continue.

Question Two: Are Catholic parish schools permitted to deposit their grant money with commercial banks? If not, why not?

Answer: They are.

In addition, subsection 29(8) of the *Australian Education Act 2013* regulations requires that any interest earned on recurrent financial assistance paid under the *Australian Education Act 2013* must be spent, or committed to be spent, in the same way as the financial assistance for the purposes of education.

The CECV, like all 'approved authorities' for the meaning of the Act, is required to have a qualified accountant certify that funding provided under the Act has been spent in accordance with the requirements set out in the regulations. This includes subsection 29(8). All our schools comply with this and are independently audited, with Deloitte as the system auditors.

Each school's audited statement is available publicly on the [Australian Charities and Not-for-profits Commission](#) (ACNC) and the [Victorian Registration and Qualifications Authority](#) (VRQA) websites. Catholic schools provide more financial information on the VRQA site than any other sector. Catholic schools and independent schools now have far more public reporting of financial information than government schools.

All this can be confirmed with the Commonwealth Department of Education and Training.

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CATHOLIC EDUCATION COMMISSION OF VICTORIA LTD

The Age offers no definition of 'commercial bank' in its question and fails to recognise the concept of balancing risk against rates of return. It appears to be ignorant that there are significant differences in interest rates provided across all financial institutions – or even within the one, given the nature of the relationship the customer has with the finance house.

Question Three: Do you believe the trading on interest rates as practiced by the CDF/Archdiocese is fair to Catholic schools given they are not receiving the full financial benefit that could be obtained from investing the grant money at commercial rates of interest?

Answer: This is effectively an allegation based on *The Age's* limited understanding of finance, rather than a question. However, the CDF regularly conducts independent benchmark reports for its entire banking services and is able to match market rates for the entire services provided to schools (loans included in which the principal repayments are fully funded by parental fees and contributions).

Question Four: Do you believe the trading on interest rates as practiced by the CDF/Archdiocese is fair to Victorian and Australian taxpayers given it is not permitted in the government school system?

Answer: Again, this is largely an ill-informed allegation – on government practices as much as finance – as opposed to a question. Catholic Development Funds for all the dioceses throughout Australia are subject to the Australian Prudential Regulation Authority and are also registered charities. In addition, they have appropriate governance structures in place so they are separate entities to the Church and relevant Archdiocese or Diocese. All financial institutions are required to make a surplus and have appropriate liquidity measures as regulated by APRA.

Indeed, the nature of *The Age's* questions leads us to ask some of our own:

Question One: Why not ask about the banking practices of government and independent schools, all of which receive public funds? Why this obsession with the Catholic sector?

Question Two: Why not ask state and territory governments what they do with Catholic school funds? They can hold these for up to seven days. Where do they bank these monies and what happens with the interest earnings? Does it go back to schools or consolidated revenue?

The CECV is always happy to respond to media inquiries. We place enormous value on openness and transparency. However, *The Age's* questions appear to be designed to fit a conclusion that has already been reached, not to genuinely elicit information, clarify the truth or establish facts.

They are founded on significant misconceptions.

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If you want low-rate loans in the business world, you bank with the institution you borrow from. Exactly the same applies with Catholic schools that chose to deal with the CDF. They look at the entire package, not just a selective analysis of interest on deposits. As mentioned earlier, the CDF provides long-term loans on appropriate terms, adding to their appeal. The market dictates.

Contrary to *The Age's* assertions the CDF interest rates are uncompetitive, they are not. Instead, they are reflective of appropriate interest rates at the time and there is a range of various interest products – such as term deposits – schools can choose to invest their fund in, as is the case with all financial institutions.

The Age's questions are predicated on a simplistic view of banking, fail to take into account overall bank services such as the ability to borrow at commercial rates and terms and ignores other issues such as bank fees and charges.

Then there's the ultimate misconception. If the funds in question were invested with one of the Big Four or any other bank that institution would make money from them too – which leads to one last question: Does *The Age* have an issue with that or just have some peculiar problem with Catholics?

Talking about *The Age* on his 3AW program earlier this week Neil Mitchell noted: 'this newspaper continues to struggle for relevance and audience.'

Staging fishing expeditions in empty ponds will not help *The Age* with either.

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