

[Home](#) » [National](#) » Article

Brethren set up tyre business to gain funds for schools

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EXCLUSIVE Brethren schools have gone into the tyre business, setting up a chain of wholesale outlets, Sprinter Tyres, in four states to funnel funds into their private schools.

The highly unusual set-up could challenge the Federal Government's funding rules, which stipulate that private schools must be non-profit entities.

Calls to Melbourne's outlet of Sprinter Tyres, in industrial Thomastown, and Sydney's, in Ermington, reveal a wholesaler importing Maxxis brand tyres from Thailand and reselling them through apparently non-Brethren retail outlets.

In Queensland and Western Australia, Sprinter's management company lists the address of the main Brethren school in each state as its principal place of business.

Until last month, the Sprinter outlet in NSW was run by a Brethren NSW school entity, Eastern Education Management.

Company documents reveal that Sprinter Tyres is run by some of the separatist sect's most senior Australian leaders, including school trustees.

STI Tyres Australia Pty Ltd is the management company that now runs both the Victorian and NSW Sprinter shops.

It includes Victorian leader John Gadsden and Sydney-based Stephen Hales (the brother of the sect's world leader, Bruce D. Hales) among Brethren directors from around the country.

"This (tyre) business was specifically set up to fund their schools," a former principal has told *The Age*.

"They were quite open about it."

The Exclusive Brethren's schools, which educated 1441 devotees last year, receive more than \$6.6 million in Federal Government recurrent funding.

Education Minister Julie Bishop said yesterday that, "to date all Brethren schools in receipt of Australian Government funding have met the conditions".

These include funding and financial accountability requirements. One requirement is that schools be not-for-profit.

Education sources said if the profits of the tyre business were used for the school alone and the school itself remained not-for-profit, it was possible this system could still meet federal guidelines.

STI Tyres' shareholders are Mr Gadsden and Simon Salisbury, both trustees of the Victorian Brethren school Glenvale, and the business address is the factory of Mr Gadsden's family business, water filter

supplier Billi Systems.

The Queensland and WA Sprinter companies, like STI, were originally registered in Victoria, suggesting Mr Gadsden, a business whiz and the organiser of recent Brethren "business seminars", is the brains behind the scheme.

Mr Gadsden could not be contacted yesterday.

Though some of the tyre companies appear to have been trading since 2004 and 2005, where their money is paid is a mystery.

No record of income from the tyre business appears in the most recent accounts of the Brethren's MET school in NSW or the Glenvale school in Victoria and there is no mention of business activities, Sprinter Tyres or STI.

In addition, in recent years the audited accounts of the school entities have not reflected any income from the millions of dollars of fund-raising the schools do, and nor do they appear to record the value of school land and property as assets.

Nor do they show salaries paid to teachers.

Melbourne accountant Max Newnham, who was approached by *The Age* to scrutinise the accounts of the Sydney and Melbourne schools, described the documents as "incredibly secretive and not very illuminating".

"You can't even look at these (financial) statements and say how the money's been spent. It's hard to make any sense out of them," Mr Newnham said.

"If I was the Government, I would be looking at these statements to see if (money is) being spent properly ... it's clear that things are being hidden here."

The Brethren's Sydney-based world leader, Bruce D. Hales, controls a massive empire that includes dozens of trusts. These own hundreds of properties, including schools and assembly halls. Many are styled as "building funds" or "library funds" for schools.

Registered as charities with names such as the Trustee for Tullamarine Education Trust, they have obtained exemptions from GST, income tax and fringe benefits tax. Brethren members can claim a tax deduction for contributing to the entities.

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