

Passed by both Houses



New South Wales

Education Amendment (Not-for-profit Non-Government School Funding) Bill 2014

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I certify that this public bill, which originated in the Legislative Assembly, has finally passed the Legislative Council and the Legislative Assembly of New South Wales.

*Clerk of the Legislative Assembly.
Legislative Assembly,
Sydney,*

, 2014



New South Wales

Education Amendment (Not-for-profit Non-Government School Funding) Bill 2014

Act No , 2014

An Act to amend the *Education Act 1990* in relation to the prohibition on the provision of financial assistance to or for the benefit of non-government schools that operate for profit; and for other purposes.

I have examined this bill and find it to correspond in all respects with the bill as finally passed by both Houses.

Assistant Speaker of the Legislative Assembly.

The Legislature of New South Wales enacts:

1 Name of Act

This Act is the *Education Amendment (Not-for-profit Non-Government School Funding) Act 2014*.

2 Commencement

This Act commences on the date of assent to this Act.

Schedule 1 Amendment of Education Act 1990 No 8

[1] Whole Act (other than section 3 and Schedule 3)

Omit “Director-General” and “Director-General’s” wherever occurring.
Insert instead “Secretary” and “Secretary’s” respectively.

[2] Section 3 Definitions

Omit the definition of *Director-General* from section 3 (1).
Insert in alphabetical order:

Secretary means the Secretary of the Department.

[3] Part 4, heading

Omit the heading. Insert instead:

Part 4 Functions of the Minister and the Board

[4] Section 19 General functions of the Minister

Omit section 19 (c). Insert instead:

- (c) to exercise the functions in connection with registration, and financial assistance to non-government schools, that are conferred or imposed on the Minister under Part 7,

[5] Section 21 Financial and other assistance in respect of non-government school children

Transfer the section (renumbered as section 83B) to Part 7 and insert it after section 83A.

[6] Section 21 (6) (renumbered by item [5] as section 83B (6))

Omit the subsection. Insert instead:

- (6) Any financial assistance in respect of non-government school children may be paid directly to the school that the children attend or to a system of non-government schools for the benefit of that school.

[7] Section 21A Financial assistance not to be paid to non-government schools operating for profit

Omit the section.

[8] Part 7, heading

Omit the heading. Insert instead:

Part 7 Non-government schools and home schooling

[9] Part 7

Insert after section 37:

Division 2 Registration

[10] Part 7

Renumber existing Divisions 2–7 as Subdivisions 1–6.

- [11] **Sections 41 (2) (c), 60 (3), 65 (1) and (3), 68, 79 and 80 (2) (a)**
Omit “this Part” wherever occurring. Insert instead “this Division”.
- [12] **Sections 46, 70 and 80–82 (other than section 80 (2) (a))**
Omit “this Division” wherever occurring. Insert instead “this Subdivision”.
- [13] **Section 76 Consideration by Board of notice of conscientious objection**
Omit “Division 6” from section 76 (1) (b).
Insert instead “Subdivision 5”.
- [14] **Part 7, Division 3**
Insert after section 83:

Division 3 Financial assistance to non-government schools

83A Definitions

In this Division:

Advisory Committee means the Non-Government Schools Not-for-profit Advisory Committee.

for profit declaration—see section 83D.

non-compliance declaration—see section 83F.

school means a non-government school.

83B Financial and other assistance in respect of non-government school children

Note. Existing section 21 is renumbered and transferred here by item [5].

83C Financial assistance not to be provided to schools that operate for profit

- (1) The Minister must not provide financial assistance (whether under this Division or otherwise) to or for the benefit of a school that operates for profit.
- (2) A school operates for profit (without limiting the circumstances in which it does so) if the Minister is satisfied that:
 - (a) any part of its proprietor’s assets (in so far as they relate to the school) or its proprietor’s income (in so far as it arises from the operation of the school) is used for any purpose other than for the operation of the school, or
 - (b) any payment is made by the school to a related entity or other person or body:
 - (i) for property, goods or services at more than reasonable market value, or
 - (ii) for property, goods or services that are not required for the operation of the school, or
 - (iii) for property, goods or services that is in any other way unreasonable in the circumstances having regard to the fact that financial assistance is provided to or for the benefit of the school by the Minister, or
 - (c) any payment is made by the school to a person in connection with the person’s activities as a member of the governing body of the school unless it is in reimbursement for a payment made by the person in connection with the operation of the school.

- (3) The regulations may specify whether or not a school operates for profit because of any particular use of assets or income, any particular payment in relation to the school or any other matter. Any such regulation has effect despite anything to the contrary in subsection (2).
- (4) The Minister is not obliged to terminate the provision of financial assistance because of this section if, following an investigation under this Division, the Minister is satisfied that:
 - (a) termination of financial assistance is not justified because of the minor nature of the relevant conduct, or
 - (b) more appropriate action can be taken under section 83E.

83D Declaration that school operating for profit

- (1) The Minister may declare that a school operates for profit or has operated for profit during a specified previous period, or both (a *for profit declaration*).
- (2) The Minister may make a for profit declaration only if the Advisory Committee recommends that the declaration be made because the school operates for profit or has so operated for profit (as the case requires).
- (3) A for profit declaration in respect of a school is conclusive evidence that the school operates for profit or has so operated for profit (as the case requires).
- (4) The Minister may revoke a for profit declaration at any time, and is to do so if the Advisory Committee advises the Minister, or the Minister is satisfied, that the school no longer operates for profit.
- (5) A for profit declaration may specify a period to which it applies that is wholly or partly before the declaration is made (including before the commencement of this section).
- (6) The Minister's obligation under this Division not to provide financial assistance to or for the benefit of a school that operates for profit applies, whether or not a for profit declaration has been made.

83E Financial assistance to schools may be suspended, reduced or made subject to conditions

- (1) The Minister may suspend, reduce or impose conditions on the provision of financial assistance (whether under this Division or otherwise) to or for the benefit of a school that is a non-compliant school.
- (2) A school is a non-compliant school if the Minister is satisfied that:
 - (a) the school or the proprietor of the school has failed to provide reasonable assistance in relation to the conduct of any investigation of the school or proprietor under this Division, or
 - (b) the school or the proprietor of the school has failed to comply with a direction of the Minister given under this Division to the school or proprietor, or
 - (c) it is a non-compliant school because of any other circumstances set out in the regulations.
- (3) A school is also a non-compliant school if the school operates for profit, or has operated for profit, but following an investigation under this Division, the Minister is satisfied that:
 - (a) termination of financial assistance to the school is not justified because of the minor nature of the relevant conduct, or

- (b) more appropriate action can be taken in respect of the school under this section.
- (4) If a school ceases to be a non-compliant school, the school is not entitled to any payment that was not made because it was a non-compliant school.

83F Declaration that school non-compliant

- (1) The Minister may declare that a school is a non-compliant school (a *non-compliance declaration*).
- (2) The Minister may make a non-compliance declaration only if the Advisory Committee recommends that the declaration be made because the school is a non-compliant school.
- (3) Any such recommendation of the Advisory Committee may include a recommendation on any consequent suspension or reduction of, or imposition of conditions on, the provision of financial assistance.
- (4) A non-compliance declaration in respect of a school is conclusive evidence that it is a non-compliant school and that grounds exist for the Minister to suspend, reduce or impose conditions on the provision of financial assistance in respect of the school.
- (5) The Minister may revoke a non-compliance declaration at any time, and is to do so if the Advisory Committee advises the Minister, or the Minister is satisfied, that the school is no longer a non-compliant school.
- (6) The Minister's power under this Division to suspend, reduce or impose conditions on the provision of financial assistance to or for the benefit of a non-compliant school applies, whether or not a non-compliance declaration has been made and whether or not the suspension, reduction or imposition is recommended by the Advisory Committee.

83G Notice of recommendation of Advisory Committee relating to for profit or non-compliance declarations and administrative review by Tribunal

The Minister is not to make a for profit declaration or a non-compliance declaration in respect of a school unless the Minister has given written notice to the school and to the proprietor of the school setting out the relevant recommendation of the Advisory Committee and unless:

- (a) 30 days have elapsed since the notice was given and no application has been made to the Tribunal for administrative review of the recommendation, or
- (b) the Tribunal has determined an application for administrative review (made within those 30 days) of the recommendation and the Minister has considered any contrary recommendation of the Tribunal and the reasons for it, or
- (c) any such application for administrative review of the recommendation has been withdrawn.

83H Investigations in relation to schools

- (1) The Minister may carry out an investigation into a school or the proprietor of a school if the Minister suspects that the school may be operating for profit or may be a non-compliant school.
- (2) The Minister is to consult with the Advisory Committee before carrying out an investigation.

- (3) The Minister may defer all or part of any financial assistance to or for the benefit of the school during an investigation.
- (4) The Minister is to complete an investigation as soon as is reasonably practicable.
- (5) The Minister is to have regard to any advice of the Advisory Committee in relation to the investigation.

83I Directions to schools and proprietors

- (1) The Minister may give any one or more of the following directions in writing to a school or to the proprietor of a school:
 - (a) a direction that the school or proprietor undergo an audit of the financial affairs of the school or proprietor,
 - (b) a direction that the school or proprietor provide specified information to the Minister (or other specified person) relating to the affairs of the school or proprietor,
 - (c) a direction that the school or proprietor cease any specified conduct that is in breach of the obligation of the school not to operate for profit in order to be provided with financial assistance,
 - (d) a direction of a kind authorised by the regulations.
- (2) The Minister may specify in a direction under this section the manner in which, and the time by which, the direction is to be complied with (including that information be verified by statutory declaration).
- (3) The Minister may direct a school or proprietor required under this section to undergo an audit of the financial affairs of the school or proprietor to pay the Minister for the reasonable costs of or associated with the audit.
- (4) The Minister is to seek the advice of the Advisory Committee in relation to any proposed direction under this section (other than a direction under subsection (1) (b)).

83J Recovery of amounts from schools

- (1) The Minister may recover the amount of any financial assistance provided by the Minister to or for the benefit of a school (whether under this Division or otherwise) if the financial assistance was provided in respect of a period when the school operated for profit or was a non-compliant school.
- (2) Any amount of costs under section 83I (3) that is not paid by a school or the proprietor of a school may be recovered by the Minister as if it were financial assistance provided under this Division to the school when the school was a non-compliant school.
- (3) The Minister may recover an amount under this section:
 - (a) as a debt in a court of competent jurisdiction, or
 - (b) by reducing future amounts of financial assistance payable by the Minister to or for the benefit of the school concerned,or both.
- (4) A school, the proprietor of a school and any system of non-government schools to which an amount recoverable under this section (or part of the amount) was paid are jointly and severally liable for repayment of the amount.

83K Non-Government Schools Not-for-profit Advisory Committee

- (1) There is to be a Non-Government Schools Not-for-profit Advisory Committee comprised of the following members appointed by the Minister:
 - (a) the Chairperson of the Advisory Committee, being a person who, in the opinion of the Minister, is independent of the non-government school sector and the NSW Government,
 - (b) one person who represents the Association of Independent Schools,
 - (c) one person who represents the Catholic Education Commission,
 - (d) one person who represents the Board,
 - (e) one person who represents the Department,
 - (f) any other persons who, in the opinion of the Minister, will be of assistance to the Advisory Committee in the exercise of its functions.
- (2) The functions of the Advisory Committee are as follows:
 - (a) to provide advice to the Minister on compliance with this Division by schools and proprietors of schools,
 - (b) to make recommendations to the Minister for the making of for profit declarations or non-compliance declarations,
 - (c) to exercise any other function (not inconsistent with this Act) relating to financial assistance to schools that is conferred by this Division or that is agreed between the Minister and the Advisory Committee.
- (3) The regulations may make provision for or with respect to the functions, members and procedure of the Advisory Committee.
- (4) A matter or thing done or omitted to be done by the Advisory Committee or a member of the Advisory Committee does not, if the matter or thing was done or omitted in good faith for the purpose of executing this or any other Act, subject the member personally to any action, liability, claim or demand.
- (5) Legal proceedings by or against the Advisory Committee are to be taken in the name of the Advisory Committee and not by or against the members of the Advisory Committee.

83L Not-for-profit guidelines

- (1) The Minister may publish guidelines in the Gazette relating to the exercise of functions under this Division (including guidelines to assist schools and proprietors of schools to comply with this Division).
- (2) The Minister is to seek the advice of the Advisory Committee before publishing any such guidelines.

[15] Part 7A

Renumber sections 83A–83H as sections 83M–83S.

[16] Part 9 Board's functions

Omit the Part and transfer section 102 (renumbered as section 20A) to Part 4 and insert it after section 20.

[17] Section 107 Applications for administrative reviews of certain decisions

Insert after section 107 (1) (e1):

- (e2) a recommendation of the Non-Government Schools Not-for-profit Advisory Committee under Division 3 of Part 7 that the Minister make

a for profit declaration or a non-compliance declaration in respect of a school (including a recommendation on any consequent suspension or reduction of, or imposition of conditions on, the provision of financial assistance),

[18] Section 107 (1) (e2)

Re-number existing section 107 (1) (e2) as section 107 (1) (e3).

[19] Section 108 Determination of application by Tribunal

Omit “or an authorised person” from section 108 (1) (b).

Insert instead “or other person or body”.

[20] Section 123 Evidence

Insert after section 123 (2):

(2A) In any proceedings under this Act, a certificate purporting to be signed by the Minister stating:

(a) that an amount of financial assistance has been paid by the Minister to or for the benefit of a non-government school on a specified day, or

(b) that a for profit declaration or non-compliance declaration under Division 3 of Part 7 was made on a specified day and the terms of the declaration,

is admissible in evidence and is prima facie evidence of the matters stated in the certificate.

[21] Schedule 3 Savings, transitional and other provisions

Insert at the end of the Schedule with appropriate Part and clause numbering:

Part Provisions consequent on enactment of Education Amendment (Not-for-profit Non-Government School Funding) Act 2014

Definition of “amending Act”

In this Part:

amending Act means the *Education Amendment (Not-for-profit Non-Government School Funding) Act 2014*.

Meaning of “operate for profit” in relation to period before commencement of amending Act and during transition period

For the purposes of this Act, the determination of whether a non-government school operated for profit during any period before the commencement of the amending Act, and during the period of 3 months after that commencement, is to be determined in accordance with section 21A, as in force immediately before the repeal of that section by the amending Act.

Investigations and directions in relation to any period before the commencement of amending Act

- (1) An investigation may be carried out by the Minister under section 83H (as inserted by the amending Act) in relation to a period (and any conduct occurring in a period) before the commencement of the amending Act.

- (2) A direction may be given by the Minister under section 83I in relation to a period (and any conduct occurring in a period) before the commencement of the amending Act.

Recovery of payments made before the commencement of amending Act

The Minister may recover under section 83J an amount of financial assistance paid to or for the benefit of a non-government school before the commencement of the amending Act.

Declaration that particular non-government school operating for profit

- (1) On the commencement of the amending Act, a for profit declaration is taken to have been made under section 83D (as inserted by the amending Act) that the Malek Fahd Islamic School at 405 Waterloo Road, Greenacre, operated for profit from 1 January 2010 until 31 July 2012.
- (2) The Minister may revoke any such declaration in the same way that the Minister may revoke a for profit declaration under section 83D.

Schedule 2 Amendment of Government Information (Public Access) Regulation 2009

Schedule 3 Agencies declared to be part of other agencies

Insert in alphabetical order under the columns headed “**Subsidiary agency**” and “**Parent agency**”, respectively:

Non-Government Schools Not-for-profit Advisory Department of Education and Communities
Committee under the *Education Act 1990*