MEDIA RELEASE

Tuesday 14 October 2014

TIGHTER FINANCIAL CONTROLS FOR NON-GOVERNMENT SCHOOLS

Non-government schools will have to adhere to stricter financial requirements if they wish to receive NSW Government funding, under changes to legislation being introduced by Minister for Education Adrian Piccoli.

Mr Piccoli will introduce amendments to tighten the not-for-profit requirements under the Education Act into Parliament this week.

“More than $1 billion is being provided by the NSW Government to non-government schools each year and there is a legitimate public expectation that this funding be used solely for the education of students,” said Mr Piccoli.

“In recent years a disturbing number of complaints about financial irregularities has been made to the Department of Education and Communities and one school was required to repay NSW Government funding when it was determined to be operating on a for-profit basis.

“The Education Act explicitly requires non-government schools operate on a not-for-profit basis in order to receive State Government funding. These amendments give the NSW Government greater powers and regulations to monitor how that money is spent.”

Amendments to the legislation make clear that school income and assets need to be used for the operation of the school. All payments made by a school will need to be:

- at reasonable market value; and
- required for the operation of the school.

Payments to members of school governing bodies will now be prohibited. Any school found to be operating for profit within the meaning of the legislation will be required to repay NSW Government funding.

The Association of Independent Schools of NSW and the Catholic Education Commission NSW have given their full support to the amendments and will form part of a committee to advise the Minister on compliance with these provisions.

“Of course, Federal agencies, including the Australian Taxation Office and the Australian Securities and Investments Commission, as well as the NSW Police and the Independent Commission Against Corruption will become involved if required,” Mr Piccoli said.
“The non-government sector has been consulted throughout the process to amend the legislation. The independence of these schools remains unaffected by the legislation, as is their capacity to provide a faith-based education.

“Almost all non-government schools are doing the right thing. These amendments are designed to ensure that all people operating non-government schools know exactly what is expected of them and are held accountable for their actions.”

These legislative amendments complement the development of stronger governance requirements by the Board of Studies, Teaching and Educational Standards (BOSTES) for non-Government schools.

The new requirements enforce appropriate corporate governance structures, the independent audit of school financial statements and the induction and continuing professional development of responsible persons on school governing boards.

MEDIA: Andrew Stevenson – 0428 438 970