

1996

**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

HOTEL SCHOOL BILL 1996

EXPLANATORY MEMORANDUM

**Circulated by authority of
Mr Bill Stefaniak MLA
Minister for Education and Training**

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Hotel School Bill 1996

Outline

The AIHS is currently a statutory authority under the *Canberra Institute of Technology (CIT) Act 1987*. The *Hotel School Bill 1996* establishes the Australian International Hotel School (AIHS) as an independent statutory corporation. The Bill separates the management and operations of the AIHS from the CIT. The governance and senior management of the Hotel School are reorganised under the Bill.

A Board of Management is responsible for the governance and financial management of the Hotel School. The Board reports directly to the Minister.

The Director manages the day to day operations of the Hotel School on behalf of the Board.

The Hotel School is subject to the provisions of the *Financial Management Act 1996*.

Financial Impact

The Bill represents a first stage in addressing the financial problems of the Hotel School. The introduction of management controls should improve accountability.

PART I - PRELIMINARY

Part I provides for the formal matters of the Act including the short title and date of commencement of the Act and interpretation of terms used. Commencement of the *Hotel School Bill 1996* will be notified in the Gazette.

PART II - AUSTRALIAN INTERNATIONAL HOTEL SCHOOL

Part II continues the AIHS as a body corporate. It establishes the functions and powers of the School, its accountability to the Minister and places limits on its power to enter into commercial arrangements.

The functions of the School relate to provision of education services and promotion of links with other education providers and the commercial community.

The School is subject to Ministerial direction. Formal directions will be notified in the Gazette and brought to the attention of the Legislative Assembly within 5 sitting days. Details of directions will be published in the School Annual Report.

The School has the power to do all things necessary to perform its functions.

A \$50,000 limit is imposed on the value of contracts into which the School can enter without Ministerial approval. The prescribed amount can be varied by regulations. The School's power to borrow money is limited by the provisions of the *Financial Management Act 1996*

The School is prohibited from participating in the formation of a company or the purchase of company shares.

The power of the School to enter into a partnership or joint venture is subject to Ministerial approval. Particulars of Ministerial approvals must be tabled in the Legislative Assembly within 15 sitting days.

PART III - BOARD OF MANAGEMENT

Part III provides for the establishment of a Board of Management, and outlines its functions, powers, constitution and meeting procedures.

Division 1 - Establishment, functions and powers

Division 1 establishes the Board of Management as the body responsible for managing the affairs of the School. The Board will develop policies and strategies for performing its functions and report to the Minister. The Board will be responsible for the efficient and cost effective conduct of the school's functions.

The Board will have the power to do all things necessary for the performance of its functions, including matters relating to employees and students, and links with other institutions.

Division 2 - Constitution

Division 2 establishes the size and composition of the Board of Management. The Division refers to the appointment and terms of office of non-executive members detailed in Schedule 1.

The Board will comprise the Director and not more than 8 non-executive members. The Minister will appoint a Chairperson and Deputy Chairperson of the Board from the non-executive members.

Division 3 - Meetings

Division 3 outlines the procedures for Board meetings.

Members of the Board will be required to disclose any interest they may have in a matter to be considered by the Board and will be excluded from subsequent deliberations.

PART IV - ADMINISTRATION

Part IV provides for arrangements for the day to day operations of the School.

Division 1 - Director

Division 1 establishes the functions and powers of the Director of the School. Details relating to the appointment and terms of office of the Director are referred to Schedule 2.

The function of the Director is to manage the affairs of the School under direction from the Board. The Director will have the power to do anything necessary to perform his or her functions.

Division 2 - Personnel

Division 2 establishes the power of the School to employ persons and to determine their terms and conditions of employment.

Division 3 - Finance

Division 3 establishes the financial arrangements of the School. The School is subject to the *Financial Management Act 1996*. The School has the power to use its money for payment of expenses and remunerations. Money held on trust must be paid into a bank account.

The Board will determine the level of student fees and notify this determination in the Gazette.

The School will be liable for payment of all ACT taxes unless specifically exempt under legislation.

PART V - MISCELLANEOUS

Part V covers other matters not addressed elsewhere in the Act.

The Director and non-executive members of the Board will be immune from legal liability for any actions taken in good faith in performing their functions.

The Executive has the power to make regulations for the purposes of the Act.

PART VI - TRANSITIONAL PROVISIONS

Part VI establishes provisions for the smooth transition of the AIHS to an independent statutory corporation. It covers transfer of members of the Management Advisory Board to the new Board of Management, the former Dean to the new position of Director and persons employed by the School prior to separation.

Instruments made under the CIT Act which are to continue under the new Act are referred to Schedule 3.

Arrangements for publication of the annual report and financial statements will change to a financial year basis under the new Act. In the transitional period the School will report on the 1996 calendar year and for the period 1 January - 30 June 1997.

SCHEDULE 1 - APPOINTMENT AND TERMS OF OFFICE OF NON-EXECUTIVE MEMBERS OF BOARD

Schedule 1 provides for the appointment of non-executive members of the Board of Management, their terms of office, remuneration and allowances.

Non-executive members of the Board will be appointed by the Minister for a period of not more than 3 years as specified in the instrument of appointment.

The Minister may appoint persons to act for the Chairperson, Deputy Chairperson or non-executive members of the Board.

Remuneration for the Chairperson and non-executive members of the Board will be determined by the Remuneration Tribunal. An interim determination may be made by the Chief Minister under the *Remuneration Tribunal Act 1995*.

SCHEDULE 2 - APPOINTMENT AND TERMS OF OFFICE OF DIRECTOR

Schedule 2 provides for the appointment of the Director, the terms of office, remuneration and allowances.

The Director will be appointed by the Minister for a period of not more than 3 years as specified in the instrument of appointment.

The Minister may appoint a person to act for the Director.

Remuneration of the Director will be determined by the Remuneration Tribunal or by an interim determination of the Chief Minister under the *Remuneration Tribunal Act 1995*.

SCHEDULE 3 - SAVINGS: INSTRUMENTS MADE UNDER CIT ACT

Schedule 3 lists all instruments made for the School under the *CIT Act* which are to continue under the new Act.

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