

School Loans Scheme - Guidelines

The State Government is making available through the South Australian Government Financing Authority (SAFA), \$250 million in low interest loans over 5 years with loan terms of up to 15 years. The total amount available in each year can vary.

Borrowing thresholds

Loan amounts between \$500,000 and \$10 million per school are available. The State Government will consider proposals below \$500,000 or above \$10 million in exceptional circumstances.

Eligibility

All non-government schools are eligible to apply. In regards to system-funded schools, Lutheran schools must apply via the Lutheran Schools Association. The Catholic Church Endowment Society or the Diocese of Port Pirie and/or South Australian Commission for Catholic Schools, on behalf of the Catholic education system, can apply. Catholic schools must apply via the South Australian Commission for Catholic Schools.

Access to loan funds will be granted based on highest need where 'need' is assessed using the Socio Economic Status (SES) score determined under the *Australian Education Act 2013*. Each school will be considered having regard to its individual circumstances and 'need'. Schools with a SES score that exceeds 110 will need to demonstrate how the project meets 'need' of the school and/or community.

To be eligible, schools must be registered by the Education Standards Board and in receipt of State Government funding.

Use of the funds

Funds are to be used for school and early years capital projects where there is a clear need for the facilities to improve the education and care outcomes for children and young people and improve the longevity of key school infrastructure.

Priority will be given to contemporary science, technology, engineering and mathematics (STEM) facilities and facilities supporting early years covering years between birth to 5 years of age.

Funding can be used for multipurpose halls e.g. gyms but will not be available for pools etc. or other specific sport infrastructure.

Funding must be used for a specific infrastructure project. Funding is not available to support the day-to-day operations of the school.

Schools are able to use the loans scheme to refinance debt if it enables a school to undertake an infrastructure project under the scheme. Loans will only be granted for projects that are located on land owned by the school or governing school body, or on land occupied by the school under long term leasing or other arrangements from a parent body affiliated with the school.

Loan approvals

Where a school governing authority or Catholic education system borrows on behalf of the school, all funds must be available to the school on the terms and conditions agreed. Additional administrative charges are not permitted to be applied.

All necessary approvals to undertake the project and obtain a loan under the scheme must be obtained, including from any governing and/or affiliated bodies.

Applications will be assessed by a panel comprising DECD and SAFA officers who will provide advice to the Minister for Education and Child Development and will be treated as commercial in confidence.

Other conditions

The loans will be administered by South Australian Government Financing Authority (SAFA) at SAFA's borrowing rates plus an administrative fee of 0.2% per annum. SAFA reserves the right to charge an additional margin if security arrangements are not satisfactory.

Schools, or the relevant system, will only be considered for a loan under the scheme where appropriate security arrangements are entered into that meet the requirements of SAFA and the Treasurer of South Australia.

Loans under the scheme will be secured over real or personal property on the basis of appropriate security arrangements, or on an unsecured basis based on the balance sheet strength of the borrower or a guarantor, in all cases if satisfactory to SAFA and the Treasurer of South Australia.

SAFA will consider the financial viability of the borrower to service the project repayments.

Capital contribution from the school is not a requirement. The Project may be entirely funded by the loan sought.

Construction must commence within 12 months of loan application approval and construction must conclude within 2 years of construction commencement.

Timelines

Round 6 applications open 2 December 2019 and close on 28 February 2020 with schools to be notified shortly after.

There will be at least 2 funding rounds per year from 2017 during the life of the Scheme and details of future funding rounds will be provided in due course.