



# Capital Grants Program

## 2022 Procedures and Processes



**Association of Independent Schools  
of Western Australia**

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## INTRODUCTION

The Australian Government Capital Grants Program (CGP) provides funding to independent schools to improve capital infrastructure. Funding is provided under the Australian Education Act 2013 and is provided to each sector through the responsible Block Grant Authority.

Capital grants are additional to funds provided by state and territory governments, non-government school authorities, and school communities, which are responsible for providing and maintaining non-government school facilities.

The AISWA Capital Grant Association (AISWA CGA) has the responsibility of being a "Block Grant Authority" (AISWA CGA) for schools in the Independent Sector in Western Australia in order to administer the Australian Government Government's Capital Grants Program for a group of Non-Government schools. AISWA CGA has been established to receive and assess applications, make recommendations to the Minister and administer Non-Government capital grants for participating schools.

AISWA CGA administers funding granted under the applicable Government legislation, being the Australian Education Act 2013 and is guided by the Australian Education Regulation 2013 and the Capital Grants Programme (CGP) Guidelines.

## GOVERNANCE

The AISWA CGA Committee has been established by the AISWA Capital Grant Association to administer the Program. AISWA CGA is separately incorporated and operates independently of the AISWA Board. Elections are conducted annually by a Returning Officer. The results are announced at the Association's Annual General Meeting.

Current membership of the AISWA CGA Committee is:

	<b>Name</b>	<b>School</b>	<b>Expiration of Term</b>
<b>PRESIDENT</b>	Irene Clarke	Anglican Schools Commission	March 2023
	Alan Wright	Peter Moyes Anglican Community School	March 2024
	Mark Steyn	Association for Christian Education	March 2024
	Lee Krug	Lake Joondalup Baptist College	March 2023
	Adrian Scott	Swan Christian College	December 2021
	Ross Gilchrist	Perth College	March 2022
	Ted Kosicki	Georgiana Molloy Anglican School	March 2022
<b>CO-OPTED</b>	Stacey Kendall	Adventist Christian Schools WA	March 2024
<b>EX-OFFICIO MEMBERS</b>	Valerie Gould	Executive Director, AISWA	Permanent

## TIMELINE

The following is an outline of the process undertaken to apply to AISWA CGA for a capital grant.

<b>November 2021</b>	Expressions of Interest open.
<b>February 2022</b>	Application Form emailed to schools that have completed an online Expression of Interest.
<b>February 2022</b>	Information Briefing to assist schools with application process.
<b>Thursday, 24 March 2022</b>	Closing date for CGP applications.
<b>May – June 2022</b>	Visits to applicant schools by members of the AISWA CGA Committee to determine educational need.
<b>July – August 2022</b>	Financial Need Assessment
<b>30 September 2022</b>	Recommendations for CGP funding submitted to the Commonwealth Department of Education, Science and Employment by AISWA CGA.
<b>October 2022</b>	Schools notified of outcome of application.
<b>December 2022-January 2023</b>	Australian Government CGP grants announced.

## PROGRAM OBJECTIVES

The objectives of the Capital Grants Program are to:

- provide and improve school capital infrastructure, particularly for the most educationally disadvantaged students.
- ensure attention to refurbishment and upgrading of capital infrastructure for existing students, while making provision for needs arising from new demographic and enrolment trends; and
- pursue the Australian Government's other priorities and objectives for schooling.

***School authorities have the primary responsibility for providing, maintaining and upgrading school facilities.***

*Commonwealth grants are:*

- supplementary to funds provided by state and territory education authorities; and
- awarded based on assessment of applications against a limited pool of funds.
- The CGP provides funding to assist non-government primary and secondary school communities to improve capital infrastructure where they otherwise may not have access to sufficient capital resources.

## ASSESSMENT OF APPLICATIONS

When assessing applications, AISWA CGA must have regard to the Australian Government Guidelines.

There are three basic stages in the assessment process before recommendations are made to the Australian Government. They are:

- (1) Determination of the eligibility of the project in relation to the program guidelines;
- (2) Assessment of the school's educational and financial need for the proposed project; and
- (3) Determination of the relative funding priority of all eligible applications

### Eligibility

The Australian Government guidelines require that all applications be reviewed to determine their eligibility for funding. Applications that do not satisfy all government eligibility requirements cannot be recommended for funding. The eligibility requirements are:

#### A. Participation in AISWA CGA

The Australian Government requires that all applicant schools be a participant in one of the existing Block Grant Authorities. AISWA CGA is the Block Grant Authority for the non-government sector in Western Australia. Independent Catholic Schools have the choice of joining either AISWA CGA or the Catholic Block Grant Authority. Schools wishing to participate in the AISWA CGA Block Grant Authority are required to complete and return a Form 1 Applicant School Agreement. (Schools will be advised if an Agreement is required.)

#### B. Approval for Australian Government Recurrent Funding

To be eligible for funding, schools must be in receipt of Australian Government Recurrent Funding, or have good prospects of receiving approval for funding under the Australian Government's Recurrent Grants Program in respect of all locations, levels of education and students to which a project relates.

Schools must be able to demonstrate to AISWA CGA that approval for recurrent funding has been obtained or is likely to be obtained. To meet this requirement, schools are required to provide written confirmation from the WA Minister for Education/WA Department of Education that advanced determination has been approved in order to be considered in the current round. If a school is unable to provide this information, it will be required to resubmit an application in a following round, when this information is available.

#### C. Financial Need

The Australian Government regards the existence of "financial need" for assistance as central to the assessment process and it requires AISWA CGA to provide clear evidence of financial need when recommending projects for Government assistance.

AISWA CGA is required to establish that the school community does not itself have the capacity to meet the total cost of the project, which will be assessed with reference to available cash reserves (or access there to in the case of a School Foundation), operational cash flow, loan funding (current or potential) and other factors deemed relevant.

Where a financial need is demonstrated, its level will be the difference between the estimated total cost of the project and the assessed capacity of the school to contribute to that cost. This level becomes, the maximum amount of any potential Australian Government grant which may be recommended. Should there cost savings attributed to the cost of construction these savings are first applied against any Australian Government Grant; the School contribution will be unaffected. Cost overruns are to be met by the School.

The final stage in the process is determination of the relative funding priority. AISWA CGA has a limited pool of funds against which the level of assessed cumulative funding need generally exceeds

#### D. Program Objectives

The project must be consistent with the Australian Government's Program objective, as outlined on page 4.

#### E. Facility Maintenance Plan

Maintenance remains the responsibility of the Approved Authority. Schools are required to demonstrate to AISWA CGA that the school has an appropriate maintenance plan in place to ensure that buildings are kept in working order and appearance. A sample maintenance plan is available as part of the application process.

#### F. Insurance

Demonstrate to the AISWA CGA that adequate insurance is held over its school buildings.

#### G. Demonstration of Sound Educational Planning

The proposed project must be shown to be consistent with sound educational planning, within both the school and the environment within it is operating, especially in relation to the cost, size and use of facilities to be funded.

The AISWA CGA Committee uses "global area entitlement" as part of the assessment process. An area of 8m<sup>2</sup> per primary, 10m<sup>2</sup> per middle and 12 m<sup>2</sup> per secondary student is used to calculate a school's global area entitlement. If the area of the school's existing facilities together with the area of the facilities that are the subject of the capital application (or planned to be built concurrently) do not exceed the global entitlement, the school's application is deemed to be "eligible" for consideration. Unenclosed external travel (verandahs and covered walkways) are discounted from the calculation.

Note: although this guideline is enforced, there may be special circumstances which warrants funding of facilities where a school exceeds its global area entitlement.

#### H. Australian Heritage Legislation

Be proposing a project that will not adversely affect the condition of a place in relation to the Commonwealth, state, territory or local government heritage legislation.

## I. Financial Viability

The school must demonstrate to AISWA CGA that it is financially viable, that is, the school must be likely to remain financially solvent and be able to, and intend to, continue to be eligible to receive Commonwealth Recurrent funding at the site of the proposed project for the foreseeable future.

## J. Land

Own the land or have a lease for the land and/or buildings that has a period to run commensurate with the period in which the capital grant may be required to be repaid if the school no longer provides school education.

## Educational Need Assessment

### A. Enrolment Patterns and Growth Projections

In assessing applications, AISWA CGA pays particular attention to each school's enrolment projections. Past and current enrolments by year and by grade are closely examined to help validate projections. Schools must be able to justify projections either in terms of past and current enrolments, documented evidence of demographic trends in the catchment area or by producing waiting lists for entry. Other evidence may also be required.

AISWA CGA will focus in particular on enrolment projections two years ahead as these enrolments will form the basis of each school's application in terms of educational planning and facility need. For example, a successful applicant will apply in 2021 and build in 2022 to accommodate projected 2023 enrolment needs. This approach may lead to a series of staged developments over time that should be reflected in the school's facilities master plan.

### B. Master Plan

Projects must be consistent with a long-term development or master plan for the school. Such a plan will take into account the educational facilities needed to satisfy realistic enrolment projections, and whether this is achievable within realistic financial constraints. The plan will specifically relate to the number and suitability of classrooms, specialist rooms and other facilities needed by the school at particular stages of its overall development. The factors that affect this consideration include for example, the school's class sizes, streaming arrangements, registration requirements, curriculum/subject choice and room occupancy rates.

### C. Minimum Viable Project

In determining eligibility, the AISWA CGA Committee aims to establish in conjunction with school authorities a "minimum viable project" (MVP) that meets the immediate major educational needs of the school when projected two years ahead. To establish the MVP a detailed assessment of all of the factors listed in enrolment patterns and growth projections and in the Master Plan are taken into consideration with particular emphasis placed on enrolment projections and basic classroom (including specialist rooms) requirements.

In addition, the application should demonstrate that the project being applied for is cost effective, avoids design features that may increase construction costs, maintenance costs or operating costs, and that it meets current environmental requirements. The design should be aesthetically pleasing and make use of

good quality materials. Although not a requirement, schools are encouraged to consider sustainability and energy reduction features in the design.

#### D. Estimates of Costs for Application Purposes

In estimating the cost of projects schools are required to seek professional advice from their architects/quantity surveyors prior to submitting the grant application.

#### E. Project Design for Application Purposes

Schools must submit project drawings with their applications. It is recommended that schools seek professional assistance from their architects prior to submitting the grant application to ensure the adequate consideration has been given to matters such as project site location, orientation, delivery, method, materials, likelihood of Council approval and linkages with other school facilities.

### Financial Assessment

For the assessment of financial need, the AISWA CGA Committee is required to examine the school's finances. The AISWA CGA Committee will ask each applicant school to provide financial data for the past year, the current year and projections for the ensuing three years. Some of the indicators looked at by the Committee include:

- profitability,
- cash flow from operations,
- capacity of the School to fund the project from its own free cash,
- capacity of the School to borrow based upon free cash and balance sheet position including debt per pupil and total debt,
- capacity to service debt.

In assessing financial need the AISWA CGA Committee adopts the following process:

- It is assumed that any surplus cash (or investments) will be available for the project.
- It is assumed funds specifically earmarked for capital works (e.g., building funds, capital fees etc) will be available for the project.
- It is assumed that part of any future surpluses being produced will be available to either pay for intended capital works or service the debt on a loan for the project. Current levels of indebtedness and the school's capacity to service borrowings are carefully examined.
- Contributions from supporting bodies outside the school are included as part of the school's contribution to the project.

The school's assessed contribution to the project will be determined from a combination of the above factors.

The application form asks schools to nominate a level of school contribution to the cost of the project. The AISWA CGA notes this "offer" but needs to make its own assessment of financial capacity.



## Financial Viability

The School must demonstrate to AISWA CGA that it is financially viable, that is, the school is likely to remain financially solvent and be able to, and intend to, continue to be eligible to receive Commonwealth Recurrent funding at the site of the proposed facilities for the foreseeable future.

AISWA CGA will use the submitted financial data to assess whether a school may be at risk of becoming insolvent in the timeframe covered by the current project. If this were to eventuate, this would trigger a breach of the Agreement and potentially require repayment of the grant to the AISWA CGA, further putting pressure on the school's financial situation.

AISWA CGA will look at historical and forecasted indicators such as profitability, cash flow, liquidity, and debt per pupil, among others prior to determining whether a school is financially viable for the purposes of the Capital Grants Program.

Account is taken of any planned future developments or other abnormal expected calls on the school's resources.

## Uses of Funds:

### A. Eligible Projects.

Grants for capital expenditure will be considered for the following:

- The planning, erection, alteration, extension, demolition or refurbishment of buildings or other facilities, including student residential accommodation, and attached supervisors' quarters.
- the development or preparation of land for buildings or other purposes.
- the installation or upgrading of water, electricity or any other services.
- the provision of furniture or equipment, including information technology equipment which should be part of a broader capital project unless special circumstances exist.
- the provision of library materials and the goods for cataloguing a library.
- teacher accommodation in rural and remote areas.
- capital grants to assist students with disabilities.
- to supplement the construction of projects funded through other Commonwealth projects.
- the purchase of land in special circumstances.

Applications for funding is a competitive process. AISWA CGA may prioritise projects for learning facilities ahead of landscaping and other land preparation projects.

### B. Ineligible Projects.

Funds are not available for facilities:

- which have religious worship as a principal purpose.
- in a co-educational school where those facilities will not, as far as practicable, be equally available to male and female students at the school.
- where retrospective approval is sought (generally after a contractual arrangement to commence the project has been entered into).
- projects proposed to be undertaken solely by parents and friends.

- facilities where the majority of the use will be by full fee paying overseas, or other unfunded students attending a 'for profit' section of the school.

### Land Acquisition – Special Circumstances

The Capital Grants Program Guidelines states that grants for capital expenditure may be used for..."the purchase of land, with buildings or parts of buildings, or in special circumstances, without buildings."

The use of Capital Grants for the purchase of land without buildings is problematic because the application process can take many months for a grant to be approved by the Minister, during which time the sale price may have substantially increased or the opportunity to purchase the land may have lapsed because action couldn't be taken quickly enough.

In some cases, when the funds allocated to proposed land purchases that did not eventuate, funds had to be returned to the Australian Government. This disadvantages schools ready to proceed with construction facilities.

As the funds available are limited, and to avoid the requirement that unused funds are returned to the government, AISWA CGA will only consider the purchase of 'land without buildings' in special circumstances. Each case will be assessed on its merits and you will need to discuss your situation with the AISWA CGA office in order to determine if your circumstances warrant special consideration.

Schools may apply for State Government Low Interest Loan funding to purchase land.

### Priority Listing

Applications will initially be assessed for eligibility.

Once AISWA CGA has established that a project for consideration is eligible for funding, it is required to rank the projects primarily on the basis of the relative educational disadvantage of the student population of the school. In doing so, AISWA CGA should give priority to the more disadvantaged over the less disadvantaged. All eligible projects should be included in the ranking. AISWA CGA will continue to use the socio-economic ranking of schools using the SES ranking provided by the Department of Education, Employment and Skills.

Schools that cannot be differentiated on the basis of the relative educational disadvantage of their students may have their ranking refined by reference to the combined effects of the following factors:

- i) the relative contribution of the projects to the objectives of the CGP.
- ii) the appropriateness of the cost, size and use of the facilities to be funded in relation to sound educational planning, such that projects that are more appropriate are given preference over others. Projects considered inconsistent with sound educational planning on the basis of cost, size and use should not be recommended.
- iii) the condition and suitability of existing facilities in relation to the level of facilities needed.
- iv) where relevant, the extent to which the projects effect economies of scale through the shared provision of educational or recreational services otherwise provided independently by state/territory governments, local governments and non-government schools
- v) the extent to which the school is making adequate and regular provision for the upkeep of its facilities.

## Finalisation

Having established the above, the AISWA CGA Committee will informally advise each school prior to submitting recommendation to the Government where it intends to recommend them for a Government Grant. AISWA CGA will seek to obtain clarification of the school's willingness to commit to the project with the level of grant recommended and for the minimum viable project developed by the Committee. If approved by the Minister, schools will proceed to the next phase.

## OTHER PROCESSES

### Expressions of Interest

In late November each year, AISWA CGA will ask schools intending to apply for a CGP grant to submit an online Expression of Interest form. This allows AISWA CGA to review and advise whether the Capital Grants Program is a suitable funding source for the school's intended project or whether it is outside the scope of the program. The CGP application form and supporting documentation are emailed to schools that have completed an Expression of Interest.

### Application Briefing Session

In February each year, an information briefing is held to assist schools with the development of its application form. Attendance at this briefing is not compulsory, although it is encouraged.

### School Visits

Members of the AISWA CGA Committee attempt to visit each applicant school as part of the assessment process. Such visits provide schools with the opportunity to explain their educational needs and plans to Committee members in the light of their written applications.

In general, the visit should be regarded as an opportunity for information exchange by school authorities and committee members.

### Agreements

The Australian Government require that formal agreements exist between schools and the AISWA CGA. There are three base Agreements:

- **Form 1: Participating School Agreement:** An agreement as to the conditions associated with participating in the AISWA CGA. (Most schools should have signed this Agreement.)
- **Form 2: Applicant Participating Agreement:** An agreement between schools wishing to apply for a capital grant and the AISWA CGA. This agreement outlines the terms and conditions associated with the application. (All schools who have joined the AISWA CGA *should* have completed this form)
- **Form 3: Capital Grant Recipient School Agreement:** An agreement between a grant recipient school and the AISWA CGA is necessary to establish the conditions associated with the acceptance of a grant. This Agreement will be provided shortly after your school is formally advised by the Minister of the success of your application.

## Reviews of CGP Decisions (Appeals)

Applicant schools which are members of AISWA CGA will be informed of the reasons for any decisions relating to their application and, if unsuccessful will have the right of independent review by a panel established for this purpose.

The Executive Officer of the Capital Grant Association will be the Executive Officer of the Review Panel.

The Review Panel (of at least two members drawn from a pool appointed by the Committee) will be provided with a copy of the school's application, a copy of the visiting group's report, a copy of extracts of relevant minutes (recording the decision and reason for it) and a copy of the Australian Government Guidelines (to which AISWA CGA must adhere), but not additional information not available to the Committee at the time the decision on the school's application was taken by the Committee.

In addition, a copy of the information provided to the Review Panel will also be made available to the appellant. Appellants may present the appeal in person, so long as the Review Panel is instructed not to consider new information that was not available to the Committee at the time the original decision was made.

## Forward Funding/Cost Over-Runs

Applicants under the Program should be aware of the "forward funding" nature of the program. Because of the necessary long lead times involved with the Program - a relatively long and complex assessment process, time delays associated with preparing plans and calling tenders, and the time required actually to build approved projects - the Australian Government has adopted a policy of committing funds three years in advance. The majority of grant monies offered to applicants in the current round will be from funds which will not become available until a later year. Therefore, most successful applicants under the round, who would normally receive approval from the Australian Government Minister early in 2021 and would then commence construction during the latter part of that year, may not receive their actual grant from the Australian Government until some one or two years later.

This time delay usually requires a school to enter into bridging finance arrangements for the period between the time of construction and the time of receipt of the grant. AISWA CGA takes account of the cost of such bridging finance in its analysis of schools' finances and discusses the detail of the arrangements on an individual basis with school authorities.

It is suggested that schools making application to seek capital funding be careful in establishing reasonably accurate cost estimates for their proposed projects. Applicant schools will have the opportunity to confirm these costings during the assessment process.

It may be necessary once a project is approved, to reduce a project if costs exceed estimated project costings.

## Project Variations and Redefinitions

Often schools find that the project for which they applied can't be commenced due to either funding (or borrowing) falling through or the need to be re scoped due to a change in priorities or need at the school with respect to the required facilities. When this happens, schools will often request to reduce the scope of the project, or change the project altogether, usually with a complementary request to retain the full value of the grant. While AISWA CGA understands that these events can happen, schools must be aware that the Guidelines state that reductions (or project savings) must also reduce the value of the grant. The value of the school contribution remains the same.

Schools may apply to AISWA CGA to vary the project scope or school contribution and if accepted and supported by the AISWA CGA, this request will be forwarded to the relevant Government for approval, however schools are advised that variations can take time to be considered and are not always successful. Any application for a variation should be supported with documentation with full justification of the proposed amendment and including any financial or educational grounds for the request.

### Steps for Approved Projects

Upon the Australian Government informing both the applicant and the AISWA CGA of the successful grant funding, a Form 3 Agreement ( Capital Grant Recipient Agreement) must be signed and the following steps undertaken before the grant can be processed:

1. Complete and submit Monthly Report by 10th of each month, until award of contract.
2. Appoint an Independent Consultant (Registered Architect or WA Registered Building Practitioner) to manage the project.
3. Submit Working Drawings and Specification to AISWA CGA before calling tenders.
4. Submit Results of Tenders to AISWA CGA before contract is awarded.
5. Submit copy of signed contract to AISWA CGA
6. Seek pro rata reimbursement of grant funds.
7. Meet recognition requirements/hold an official opening.
8. Return final Accountability documentation (see below for further details.) The final 10% of grant funds will be released after this step is complete.

### Project and Financial Accountability

Within 7 months of completion of the project, the school will be required to ensure completion and return of the following documents which will be provided by the AISWA CGA:

- A certificate by the architect or in some cases, the builder or project manager stating that the project has been completed according to the scope outlined in the Agreement. This will include a summary of the construction costs for the facilities completed.
- A certificate from an independent qualified accountant confirming the final expenditure of the project, that the project was completed as approved, and that the grant monies were spent only on the approved project.
- An occupancy certificate from your local Council.
- Copy of as constructed architectural drawings.
- Photograph of the plaque recognising the CGP funds.

### Contact Information

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