

PROCEDURAL GUIDELINE – CAPITAL GRANT PROGRAM

SCHOOLS ON LEASED SITES

1. Background

- 1.1 Under the *Education Act 2013* and the *Capital Grants Program (CGP) Guidelines*, the Commonwealth retains a financial interest in any grant over \$75,000 for up to 20 years, depending on the size of the grant. This situation applies to Capital Grants, BER grants and TTC/TSC grants.
- 1.2 If a school ceases to operate, the SAIS BGA, on behalf of the Department of Education and Training, seeks to recover a portion of the grant or grants from the school.
- 1.3 An issue can arise when a school leases a site and has received Commonwealth Government grants to build facilities on that site. If a school in this position closes, it is often the case that the facilities revert to the Lessor who has no agreement with either the BGA or the Commonwealth.

The Capital Grants Program Guidelines state:

17. j) 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

and

25. CGP funding is not available to meet the cost of leasing a property. However, a school that is leasing a site can still apply for funding of a construction, refurbishment or equipment project on the property, provided that the lease has a term commensurate with the repayment period.

The repayment period is known as the Designated Use Period and is calculated in accordance with Attachment 3 of the Capital Grant Program Guidelines.

2. Procedural Guidelines

- 2.1 A school on a leased site is eligible for consideration for a Capital Grant. Stage 1 Notice of Intent asks that, if a school is on a leased site, the school supply details of the Lessor and the terms of the lease.
- 2.2 A school that is operating on a leased site must, if requested, supply the SAIS BGA with a current signed lease that is valid for a period of 20 years from the completion of a project or for the duration of the Designated Use Period. This must be supplied no later than the deadline for Stage 3 Financial Documentation.
- 2.3 If a school cannot supply a current signed lease, a letter from both the School and the Lessor informing the BGA of the current state of lease negotiations must be provided in its place.
- 2.4 The SAIS BGA will supply this letter to the Department of Education and seek advice prior to recommending the Application.

- 2.5 Alternatively, the SAIS BGA will support a school's endeavours to obtain a guarantee from the Lessor for the repayment of a grant should the school default on its obligation. An Application cannot be accepted without the Department's approval or this guarantee.
- 2.6 The Lutheran Education SA NT WA has provided the SAIS BGA with a letter advising that the Lessor for those Lutheran schools which lease their land is the Lutheran Church of Australia, and that the Church will not terminate those leases. As such, this Guideline is not applicable to Lutheran schools.

3. Related Policies

Nil

Revised February 2014

Revised February 2018

Reviewed October 2022 no change

Reviewed January 2025 Updates to references to CGP Guidelines