



Department of Education

Department of Education Low Interest Loan Scheme for non-government schools Guidelines and Procedures

1. Introduction

- 1.1. The Western Australia Government provides funds through the Low Interest Loan Scheme (LILS) to assist non-government schools to undertake a wide variety of projects which will enable them to provide facilities at a similar level and standard to those provided in government schools of an equivalent size and type.
- 1.2. Section 186 of the *School Education Act 1999* provides the Minister for Education with the necessary powers to lend money to approved non-government schools for undertaking capital works.
- 1.3. The Department of Education (DOE) administers LILS on behalf of the Minister for Education.
- 1.4. These guidelines apply from the date on which approval for said guidelines was granted by the Treasurer.

2. General conditions

- 2.1. Projects are classified according to the three categories listed in Column 1 of the table at Section 9 of these guidelines. "Where a project has elements in more than one of these categories, the category for the purpose of calculating the interest rate and equity contribution applicable to the project will be determined by the DOE acting on behalf of the Minister for Education.
- 2.2. The interest rate payable on loans is based on the Western Australian Treasury Corporation's (WATC) "benchmark rate".
- 2.3. The interest rate applicable to an individual loan is dependent upon how the relevant project is assessed according to the three categories referred to in clause 2.1.
- 2.4. The minimum rates of interest are shown in Column 4 of the table at Section 9 of these guidelines and are based on the maximum interest subsidies shown in Column 3. For example, where a project is classified as category 2, the interest rate will be 3.5% based on a "benchmark rate" of 9.5% and a subsidy of 6.0%. As the "benchmark rate" rises above 9.5%, the interest rate will increase. If the "benchmark rate" is lower than 9.5%, the minimum interest rate of 3.5% will apply. The minimum rate of 1.0% for a category 1 loan will increase as the "benchmark rate" rises above 9.0%.
- 2.5. The interest rates applicable to the LILS are reviewed and adjusted in January each year.

CLOSING DATE FOR APPLICATIONS

(Non-Catholic Schools)

30 SEPTEMBER 2025

*(of year prior to financial year the funds are required-
e.g.30/09/25 for 26/27 funding)*

(Catholic Schools)

Contact Catholic Education Western Australia for details

Funds available from 1 July 2026

- 2.6. The actual quarterly repayment amount for a loan will be reviewed and may be adjusted as necessary in accordance with movements in the "benchmark rate".

The DOE acting on behalf of the Minister for Education has the discretion to approve a request, submitted to the LILS contact (section 10), from a borrower to permanently increase the actual quarterly repayment amount for a loan.

Requests to reduce (permanently or temporarily) the actual quarterly repayment amount for a loan will require the approval of the Treasurer.

- 2.7. For schools in Commonwealth recurrent funding categories 1 - 3, loans will be offered at the rate of interest for the appropriate category of project plus 1.5% per annum. This does not apply to projects assessed in LILS category 1.

- 2.8. Loans are repayable over not more than 15 years from the date of the first advance. At the time of making an application for a loan, borrowers may elect to repay the loan over a term of less than 15 years.

The DOE acting on behalf of the Minister for Education has the discretion to approve a request, submitted to the LILS contact (section 10), from a borrower to permanently reduce the term of an approved loan.

Requests to increase the term of an approved loan will require the approval of the Treasurer.

- 2.9. Interest will accrue from the date of advance of loan funds and shall be paid quarterly, together with payments of principal, by direct debit to the DOE on the last day of February, May, August and November each year for the term of the loan.

- 2.10. Repayment commencement date

a) Repayment of principal and interest, including accrued interest, shall start on the last day of February of the year following the year in which the loan funds are fully advanced.

b) Repayments for projects assessed in LILS category 1 shall start as per item a) above with the exception of a loan fully drawn down prior to the first intake of students; assuming that intake occurs within 2 years of the date of the first advance. In this case, repayments will start on the last day of February of the year following the first intake.

The DOE acting on behalf of the Minister for Education has the discretion to approve a request, submitted to the LILS contact (section 10), from a borrower to bring forth the repayment commencement date of a loan.

Requests to push back the repayment commencement date for a loan will require the approval of the Treasurer.

- 2.11. Following the commencement of repayments, the DOE acting on behalf of the Minister for Education may allow a borrower to make ad-hoc repayments outside of the regular quarterly repayment months described in clause 2.9.

The actual quarterly repayment amount for a loan will be adjusted following receipt by the DOE of an ad-hoc repayment.

- 2.12. Loans will only be available for approved projects in approved non-government schools as defined in section 3 below.

- 2.13. The maximum loan amount available under LILS to individual borrowers will be as follows:

	Existing	New
Primary Schools	\$7.8 million	\$15.4 million
Secondary Schools	\$15.4 million	\$52.5 million
Primary and Secondary Schools	\$15.4 million	\$63.0 million
Independent Kindergartens	\$1.08 million	\$1.70 million

These limits will be reviewed annually in line with movements in the total annual funding available under LILS.

Total borrowing by an individual borrower under LILS will be limited to the maximum figure shown above according to the type of school at the time of application, taking into account increases in the maximum loan amount available through indexation, as well as reductions to the principal on the borrower's existing loans through repayments. The maximum loan amount available to schools does not take into

account loans approved for the provision of boarding facilities.

- 2.14. Borrowers will be expected to contribute a minimum amount towards the cost of each project for which a low interest loan is sought. The minimum equity contribution will depend on the category of the project and will be in accordance with Column 2 of the table at Section 9 of these guidelines. Where a Commonwealth capital grant is also approved for a project, the grant can be regarded as part of the borrower's equity in the project. Borrowers may elect to contribute more than the minimum equity contribution where it suits their financial circumstances to do so.

The Minister for Education has discretion to vary the equity contribution required for individual projects. Where a reduction in the level of contribution is sought, it will be necessary for a request to be submitted to the LILS contact (section 10) outlining the particular circumstances involved and including all relevant details of the school's budgets. A reduction in equity may be granted only in the most compelling of circumstances.

- 2.15. Borrowers will be expected to contribute the minimum amount, as detailed in Column 2 of the table at Section 9 of these guidelines, towards the cost of the project before drawing on funds provided under LILS; borrowers may be required to provide evidence to DOE of the contribution made towards the project.
- 2.16. Loan funds will be advanced to borrowers on receipt by the LILS contact (section 10) of capital works invoices issued in respect of the approved project. Advances shall not exceed the total value of eligible costs on the submitted invoices or the loan amount approved by the Minister for Education for the project.
- 2.17. Applications are assessed on an annual basis. Applications not funded in a particular year may be resubmitted for consideration in a future round. Schools that proceed with a project using other funds will not be disqualified from future funding for that project, however, no guarantee can be given that LILS funds will be available from a future allocation. If a loan is not approved, the school must be able to proceed with any financial arrangements already made. If a loan is subsequently approved, the State will not be responsible for any bridging costs.
- 2.18. If, in 4 years after the date on which the Minister for Education approves a loan that loan is yet to be activated, then the school will be required to re-submit the application for consideration in a future round unless the Minister approves an extension under extenuating circumstances. No guarantee can be given that LILS funds will be available from a future allocation.

3. Approved schools and projects

- 3.1. An approved school for the purpose of LILS is one that:
- is not operated for the profit of any person, company or organisation
 - in the case of an existing school is registered by the Minister for Education
 - in the case of a proposed school, is declared by the Minister for Education to be likely to be registered within ten months of its commencement.
- 3.2. Funding for the provision of kindergarten and pre-primary facilities is only provided for schools that have agreed to conform to the principles of the Western Australian Government's early childhood education program by:
- demonstrating curriculum linkage between the kindergarten and pre-primary educational programs as part of the provision of a continuous quality education system
 - adjusting the entry age into kindergarten from the year 2001 in line with the changes introduced at government schools.
- 3.3. An approved project is a project to purchase, construct, upgrade, modify, extend or replace buildings or other facilities of a capital nature, or buy land to be used for school purposes, subject in all cases to the approval of the project by the Minister for Education. Loans are available to assist with the provision of teacher housing in areas outside the cities of Perth and Bunbury, the towns of Geraldton and Albany, and their environs. Loans are also available to assist with the provision of student boarding facilities.
- 3.4. In addition to items detailed in clause 3.3, funding for an approved project is available for the following:
- building and site preparation costs
 - architectural, engineering and other professional fees associated with an approved building project (except general legal and bank fees)

- costs associated with planning and development approvals and meeting development application conditions set by local government authorities
 - costs of essential ground improvements and landscaping associated with the project.
- 3.5. In general, an approved project will be one which provides facilities, services and land of a type, standard or scale not exceeding that typically provided in or for a government school of a similar size and level of education, as determined by the Minister for Education.
 - 3.6. Borrowers need to be aware that the Western Australian *Disability Services Act 1993*, the Commonwealth *Disability Discrimination Act 1992*, the Australian Standards and the Building Code of Australia all stipulate stringent requirements with respect to the provision of facilities for people with disabilities. It is expected that borrowers will have considered these requirements in the planning for projects submitted for consideration under LILS and taken any necessary steps to comply.
 - 3.7. Except in cases in which the Minister for Education considers that exceptional circumstances exist, loans will not be approved where the sole or principal object of the project, or one of the principal objects, is to provide facilities for religious worship or for full fee-paying overseas students, or where, in the Minister's opinion, the project will result in facilities which will not be used predominantly for school purposes.
 - 3.8. Loans will not be approved for the purposes of meeting recurrent costs; loan repayments; the purchase of depreciable assets including furniture and equipment, computer or electronic devices or software, machinery and vehicles; general building maintenance costs (e.g. cleaning, general repairs, replacement of carpets, guttering, repainting of rooms); or professional travel expenses incurred as part of the project. Loans will not be available to re-finance a bridging loan or settlement of a loan, or to fund completed projects retrospectively.
 - 3.9. The Minister for Education may disallow an application for a loan on the grounds that the establishment of a new non-government school or the expansion of an existing one will affect the viability of a government school in the immediate locality.
 - 3.10. A condition of a loan approved for the purposes set out in section 3 will be that the borrower agrees to use the building or facilities, and land for school purposes within four years of the date of the first advance. The Minister for Education may agree to extend this period in special circumstances.

4. Lodgement of applications for loans

- 4.1. Applications for loans from non-Catholic schools are to be lodged with the LILS contact (section 10) by the last working day of September of the year prior to the financial year in which the loan funds are required.
- 4.2. Applications from schools which are part of a system of schools for which the approved authority or governing body is Catholic Education Western Australia, the Anglican Schools Commission, the Swan Christian Education Association, or the Seventh Day Adventist Conference Western Australia, should be lodged at the office of the appropriate system by the date specified by the system.
- 4.3. If an application is lodged after the due date, it may be regarded as an application for the following calendar year.
- 4.4. The Western Australia Government will not accept responsibility for expenses incurred by applicants in preparing or lodging their applications or the cost of bridging finance or bank charges incurred as a result of an applicant proceeding with a project before approval of a loan by the Minister for Education. This also includes finance raised for use pending receipt of a Commonwealth Government capital grant.
- 4.5. To assist with the application assessment process, each loan application must be accompanied by supporting financial reports as detailed in the latest application form available from the LILS contact (section 10). Additionally, schools may be required to provide additional information as and when requested by the DOE; failure to do so may result in an application being unsuccessful.

5. Security

- 5.1. Borrowers applying to receive loans will be required to provide evidence of sufficient security - as determined by the DOE - against the loan to ensure the

interests of the Minister for Education are protected.

- 5.2. Borrowers approved to receive loans will be required, at the time of accepting the loan funds, to agree to repay the loan at the rate from time to time determined by the State and to provide such security for the loan as the State may require.
- 5.3. All loans are subject to the terms and conditions of the Loan Deed signed in relation to an approved project.
- 5.4. Borrowers in receipt of loans are not permitted to sell or otherwise dispose of facilities, land or other assets purchased, built or bought with State loan funds without the prior approval of the Minister for Education.
- 5.5. In the event of a school closing or ceasing to use for school purposes facilities obtained with a low interest loan before it has repaid the loan, the borrower will be required to make arrangements satisfactory to the Western Australia Government for the repayment of the balance of the loan.
- 5.6. If a borrower in receipt of a loan does not make loan repayments at the required rate or time, the Western Australia Government may deduct from that school's Western Australia Government per-capita grants such amounts as the Minister for Education determines in satisfaction of the overdue loan repayments.
- 5.7. Borrowers in receipt of loans must secure all risks insurance for the full replacement value of all facilities and other assets purchased, built or bought with Western Australia Government loan funds for the term of the loan.

6. Limits of loans

The total value of loans approved in any year will be subject to Western Australia Government approval. Where the total value of loans sought under the scheme for any year exceeds the approved limit for that year, it will be necessary for projects to be prioritised according to criteria approved by the Minister for Education.

7. Approval of loans

Schools will be told of the outcome of their application prior to the start of the financial year following the closing date of the Round in which the application was submitted. Funds for approved loans will be available from July 1st of the year following the closing date of the Round in which the loan was approved.

8. Recognition of the Western Australian Governments contribution towards an approved project

Recipients of low interest loans are required to give recognition to the Western Australian Government for the assistance provided in the following ways:

Publicity: Schools should acknowledge the Western Australian Government's assistance in publicity issued by the school regarding its LILS funded project such as newsletters, web sites, media releases or any other form of advertising used by school.

Where an official opening or launch is held for a project an acknowledgement should be given for the assistance provided by the Western Australian Government.

Plaques: Schools receiving LILS funding will be required to affix a plaque, to be supplied by the school, to all completed projects. This includes, but is not limited to, a new block of buildings, a full stage of a school's building program or a stand-alone building such as a gymnasium or a library and substantially refurbished buildings. If Commonwealth assistance was also provided for the project, recognition of the assistance received from both Western Australian and Commonwealth Governments could be included on the one plaque.

Where a plaque cannot be attached to a project because of the nature of the project, then a plaque must be placed in an appropriate location in the school, such as the front foyer or administration area.

Prior to erecting the plaque please consult with the LILS contact (section 10) to ensure that the plaque meets the established requirements.

9 Project categories, equity requirements and interest rates

Column 1	Column 2	Column 3	Column 4
Category	Minimum Equity Contribution %	Maximum Interest Subsidy %	Minimum Interest Rate %
1. Projects that propose to provide: a) a new non-government school; or b) more student places in an existing approved non-government school within 5 years (or such longer period as the Minister may approve for a particular case) after the first day of January of the year in which the school had its first attendance of scholars,	10	8.0	1.0
2. Projects which propose to provide: a) More student places in an existing approved non-government school, or b) Projects which propose to upgrade an existing approved non-governments school to government school standards, or c) Projects which propose to provide boarding facilities for students or housing for teachers at an existing approved non- government school.	10	6.0	3.5
3. Projects which propose to provide: a) a new non-government school; or b) More student places in an existing approved non-government school, in an area of the State in which government school enrolments are projected to be declining.	25	Nil	Benchmark Rate

10 Enquires (LILS contact)

All LILS enquiries or requests should be directed to:

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