



THE CRITERIA, PROCESSES AND PROCEDURES OF THE INDEPENDENT SCHOOLS CAPITAL GRANTS COMMITTEE (ISCGC).

1. INTRODUCTION

The Association of Independent Schools of New South Wales has the responsibility of being a "Block Grant Authority" (BGA) for schools in the independent sector in New South Wales in order to administer the Commonwealth's **Capital Grants Program (CGP)** for Non-government schools in NSW.

The CGP is an ongoing program of assistance to schools for capital works that has been operating for more than 20 years. The criteria that follow apply to the CGP.

A non-profit company - The Association of Independent Schools of NSW BGA Ltd. - is the corporate vehicle for administering this program on behalf of independent schools.

BGAs are set up under the authority of Australian Government legislation and there is a formal "agreement" between the Australian Government and each BGA. This agreement outlines the terms and conditions of the working relationship between the BGA and the Australian Government with respect to the Program.

2. PARTICIPATION IN THE BGA

The Australian Government requires that all schools be listed as participating in one of the existing BGAs (the AIS BGAs or that administered by the Catholic Education Commission (CEC)). Independent Catholic schools have the choice of joining either BGA. The AIS NSW BGA currently covers some 350 schools, with enrolments in the vicinity of 120,000 pupils.

For newly establishing schools application for participation in the AIS NSW BGA is open to any independent school in New South Wales irrespective of membership of the AIS or of any of the other involved organisations. Schools wishing to participate in the AIS NSW BGA are required to complete and return a BGA Participant Application Agreement.

3. COMMITTEE STRUCTURE

A number of committees have been established by the BGA to administer the program.

(a) BGA Board of Directors of AISBGA Ltd

The Board determines overall policy directions for the BGA in the light of the Australian Government's guidelines for the Capital Grants Program, Its membership is:

The Chairman of the AIS NSW Board	- Mr J Ralston (or his nominee)
Member of the AIS NSW Board	- Mr L Dell
Member of the AIS NSW Board	- Dr P Macarthur (Chairman)

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Member of the AIS NSW Board
Member of the AIS NSW Board
Member ex-officio

- Mr A Baker
- Mr M Jones
- Dr G Newcombe

The Board has the responsibility of making recommendations for grants to the AIS Board which in turn forwards the recommendations to the Australian Government's Minister for Education, Employment and Workplace Relations for approval. It ensures that the Association's obligations and responsibilities have been met in relation to the legal and guideline requirements of the Australian Government.

(b) The Independent Schools Consultative Committee

This committee is composed of people who are the full time chief executive staff members of the following organisations:

Association of Independent Schools
Christian Schools Australia Ltd.
Australian Associations of Christian Schools
Coordinating Committee of Jewish Day Schools
Seventh Day Adventist Education System
NSW Parents Council
Rudolf Steiner Education Schools
Sydney Anglican Schools Corporation
NSW Parents Council
Islamic Council of NSW

Its functions are to:

- i. recommend to the AIS Board the membership of the ISCGC
- ii. monitor the operation of the ISCGC
- iii. consider requests for a review of an application when a school considers it has not been appropriately dealt with.
- iv. make recommendations to the AIS Board as necessary.

(c) The Independent Schools Capital Grants Committee (ISCGC)

This committee assesses applications and makes recommendations as to the list of independent schools with capital development projects that will be recommended to the Australian Government Minister for capital grants.

The procedures outlined in this document have been determined for the operation of the ISCGC having regard to the mandatory requirements and guidelines of the Australian Government and the terms of reference from the Association of Independent Schools. The ISCGC endeavours to ensure that the best possible value in terms of both quality and quantity of school facilities is achieved by as many schools as possible.

The ISCGC operates independently of the AIS Board although its final recommendations will be oversights by the BGA Board of Directors. Members of the ISCGC have been appointed according to their expertise and experience in the capital works arena.

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Its current membership is:

- Mr Ray Whitfield – former AIS Director (Chairman)
- Ms Marybeth Bartholemew - former bursar of an independent school
- Mr Dean Bennetts - principal of an independent school
- Mr Philip Bryson - former principal of an independent school
- Mr Les Dell - chartered accountant & financial consultant
- Mr Robert Johnston - former principal of an independent school
- Ms Yvonne Nicholls - business manager of an independent school
- Mr Andrew Pender - architect
- Ms Sue Pynenburg - business manager of an independent school
- Mr John Scott - former principal of an independent school
- Mr Colin Spencer - chartered accountant
- Mr Recep Aydogan – business manager of an independent school
- Mr Warwick Wilkie - former principal of an independent school
- Mr Bob Grant - former principal of an independent school
- Mr Peter Reed - architect

4. **ASSESSMENT OF INDIVIDUAL APPLICATIONS**

In assessing applications the ISCGC must have regard to the mandatory requirements and guidelines of the Australian Government and the terms of reference developed by the Association of Independent Schools. There are three basic elements to the assessment process:

- A) The "eligibility" of each application to be determined
- B) The "priority" order of all eligible application's to be determined
- C) Detailed plans and costings for successful applicants to be finalised.

A) **ELIGIBILITY**

The Australian Government guidelines require that all applications be examined to determine their "eligibility" for funding. Eligibility is determined by a number of factors that are described in detail below. Applications that do not satisfy ALL Australian Government eligibility requirements cannot be supported for capital funding. The necessary requirements are:

- (a) **Approval for Australian Government General Recurrent Funding.** This approval is a necessary prerequisite for funding under any of the Australian Government's special purpose programs including the Capital Grants program. Newly established schools must be able to demonstrate to the BGA that approval for recurrent funding has been obtained.

All applicants should be aware that in addition to the above, the Australian Government's Administrative Guidelines require demonstration of **overall viability** as part of the eligibility criteria for capital funding. Schools are required to meet the conditions set out in the Department's Financial Health assessment of schools (see Administrative Guidelines: Commonwealth Programs for Non-government Schools, 2009 to 2012). For newly established schools financial viability cannot be adequately demonstrated until a school has been operative for a number of years.

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- (b) In assessing applications the BGA 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/or in terms of past and current enrolments, documented evidence of demographic trends in the catchment area or by producing waiting lists for entry.

The BGA will focus in particular on enrolment projections two years ahead as these enrolments will form the basis of each school's application in terms educational planning and facility need. For example, a successful applicant will apply in 2010 and build in 2011 to cover projected 2012 enrolment needs. This approach leads to a series of staged developments over time that will require each school to produce a facilities master plan.

- (c) Projects must be consistent with a long-term development plan or master plan for the school. Such a plan will take into account the educational facilities needed to satisfy realistic enrolment projections, and 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. In addition, consideration will be given to the immediate past history of the school and the degree/extent of continued community support it has received.

Each of these factors is considered by the ISCGC in consultation with school authorities. **It is essential for schools applying for capital grant assistance to demonstrate how the facilities requested in the application fit into the school's master plan.**

- (d) In determining eligibility the ISCGC aims to establish in conjunction with school authorities a **minimum viable project (m.v.p.)** that meets the immediate major educational needs of the school when projected two years ahead. To establish the m.v.p. a detailed assessment of all of the factors listed in c) above are taken into consideration with particular emphasis placed on enrolment projections and basic classroom (including specialists rooms) requirements.

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

- (e) **The existence of "financial need" for assistance.** The Australian Government regards this criterion as central to the assessment process for the CGP and it demands that BGAs should provide clear evidence of financial need when recommending projects for Government assistance.

In particular it must be established that the school community does not itself have the capacity to meet the total cost of the project, **either from its own available**

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resources, or from borrowings, or from a combination of the two. 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 amount of any Australian Government grant which might be recommended.

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

- (i) compares this with the school's offer of a contribution, and
- (ii) discusses with the school any significant differences, with the object of arriving at an agreed level of contribution to the project from the school and its community.

Account is taken of any planned future developments or other abnormal expected calls on the school's resources. The outcome sought is agreement between the ISCGC and the school on the definition of the project, its estimated total cost (including the cost of any necessary bridging finance) and the level of school contribution to the total cost.

For its assessment of financial need, the ISCGC is required to examine the school's finances over a four year period - the past year, the current year and the two following years. In addition current indebtedness is examined together with current and future building fund levels. Schools are also required to provide the BGA with a copy of their audited financial statements for the previous year. **Where these have not been provided by 31 May the application will lapse.**

Note that the BGA requires a set of Audited General Purpose Financial Statements to be submitted with each application. These should be based on Australian Accounting Standards and other mandatory reporting requirements. They should include a Statement of Financial position, a Statement of Cash Flows and Notes to the accounts. The Auditor's Statement and the name, qualifications and address of the auditor should be included.

In assessing financial need the ISCGC adopts the following process:

- (i) it is assumed that any surplus cash (or investments) will be available for the project.
- (ii) it is assumed funds specifically earmarked for capital works (e.g. building funds, capital fees etc) will be available for the project.
- (iii) it is assumed that an appropriate part of any surplus being produced will be available to debt service a loan for the project. Current levels of indebtedness and the school's capacity to service borrowings are carefully examined.
- (iv) contributions from supporting bodies outside the school are included as part of the school's contribution to the project.

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

It is important to note that each school's financial capacity is independently assessed and that subvention levels are not fixed or pre-determined in any way.

(f) Estimates of Costs for Application Purposes.

In estimating the cost of projects schools are asked to seek professional advice from their architects/quantity surveyors in the first instance. Estimates should be produced on a functional area basis. Where such advice is not readily available schools may use the cost estimates produced by the BGA which are included in the application.

The latter are based on school building costs in NSW and provide schools and their architects with current cost estimates per square metre for various school facilities. It should be noted that where a school's cost estimates are significantly different from the BGA's estimates schools will be asked to explain the difference.

- (g) The proposed project must be consistent with the Australian Government's Program objectives as outlined each year in the document Administrative Guidelines: Commonwealth Programs for Non-government Schools, 2009 to 2012
- (h) Projects must not discriminate against either sex except where special assistance is required in order to ensure equal opportunity.
- (i) Staff housing (except for supervisor's quarters attached to boarding schools and housing in rural and remote areas) and facilities that are used principally for religious worship are not eligible for funding.
- (j) Demonstrate to the BGA that the school has an appropriate maintenance program in place for the upkeep of its existing buildings.

B) **PRIORITY:**

Once the above eligibility requirements have been satisfied, the ISCGC has the task of determining a priority listing for the eligible applicants. This difficult task is necessary because the funding available to the BGA for distribution is always less than the demand for grants support.

The Australian Government guidelines require that a number of factors in determining priority be considered. Eligible projects will be placed in order of priority on the basis of:

- (i) the relative educational disadvantage of the student population of the school with the more disadvantaged being given priority over the less disadvantaged. Educational disadvantage should be assessed on the basis of relative educational outcomes of the students at competing schools. Where this is not possible other

indicators of educational disadvantage may be used. The BGA for example examines the relative socio-economic ranking of schools using the SES ranking provided by DEEWR (and used for general recurrent grants purposes).

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:

- (ii) The appropriateness of the cost, size and use of facilities in relation to sound educational planning. In determining "appropriateness" the BGA will take into account factors such as geographic and demographic trends, the grade structure of the school, particular curriculum requirements, local area costs and State Government facility area standards.
- (iii) The condition, suitability and number of existing facilities in relation to the level of facilities needed.
- (iv) The relative contribution of the project to the Program's objectives.

The specific Australian Government objectives of the program are:

- provide and improve schools capital infrastructure, particularly for the most educationally disadvantaged students;
- ensure attention to refurbishment/upgrading of existing capital infrastructure, while making provision for needs arising from new demographic and enrolment trends;
- in implementing the above two objectives, the pursuit of the Australian Government's other priorities and objectives for schooling as outlined in the introduction to the Administrative Guidelines: Commonwealth Programs for Non-government Schools, 2009 to 2012.

C) **THE FINALISATION OF DETAILED PLANS AND COSTINGS FOR APPLICANTS AT THE TOP OF THE PRIORITY LIST**

Having established "eligibility" and "priority" the ISCGC then proceeds, in close consultation with each school, to finalise the details of the project plans and costings before making its final recommendation. This process usually involves:

- (i) final determination of the exact facilities to be recommended for funding -this may involve discussion with the school's architect in order to arrive at a precise description of the project. **A detailed "scope of works" will be required for each approved project.**
- (ii) schools being asked to proceed to "final sketch plans" for the agreed project and to produce updated accurate costings for the project. These costings are to include not only the cost of construction but also the cost of associated fees, services, siteworks and equipment.
- (iii) the determination of the level of grant and an agreed financial contribution from the school that will make it possible for the School Authority to carry out the

project. This determination includes an assessment of the cost of any bridging finance necessary before the grant will be actually received by the school.

Having finalised the above, the recommendations of the ISCGC are then examined by the BGA Board of Directors and the AIS Board before they are forwarded to Canberra for Ministerial approval.

OTHER PROCESSES:

1. School Visits: Members of the ISCGC attempt to visit most applicant schools 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 some cases where the project is very straight-forward or where the school's requirements are well known to the Committee (usually following a visit from a previous year) a visit will not be scheduled unless particularly requested by the school.

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

2. Conditions and Agreements: Under the BGA arrangements the Australian Government requires that a number of formal agreements be undertaken between schools and the BGA. In brief these are:
 - (a) Participating in the Block Grant Scheme. An agreement as to the conditions associated with participating in the AIS BGA - all schools that have joined the AIS BGA have completed this agreement. The alternative to signing the agreement is to notify a request to be listed by the Catholic BGA.
 - (b) Schools Receiving a Grant: An agreement between a grantee school and the BGA is necessary to establish the conditions associated with the acceptance of a Commonwealth grant.

The details of each agreement will be provided to schools as appropriate.

3. Reviews of ISCGC Decisions

The Independent School Consultative Committee is responsible for reviewing the recommendations of the schools ISCGC should an applicant school consider that its application was not correctly assessed in relation to these guidelines or that it had not been provided with a reasonable opportunity to present its case fully and fairly. The Consultative Committee will adjudicate in such cases and make recommendations to the AIS Board.

4. Forward Funding

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. Thus most successful applicants under the round, who would normally receive approval from the Australian Government Minister early next year and would then commence construction during the latter part of that year, will not receive their actual grant from the Australian Government until some one to two years later.

This time delay usually requires schools to enter into bridging finance arrangements for the period between the time of construction and the time of receipt of the grant. The ISCGC 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.

5. Cost Overruns and Redefinitions

The AIS NSW BGA has adopted a policy of fully committing the majority of all available funds each round in an attempt to assist as many schools as possible. Requests from successful applicants for "cost overruns" or "redefinitions" will be endorsed only when it can be demonstrated that increases were unavoidable and could not have been foreseen by sound planning, adequate investigation or prudent estimation by the school. In addition such requests will be subject to competition with other applications for available funds.

Schools, and their architects, should be particularly careful therefore, when estimating final costings to be submitted to the BGA at the final sketch plan stage (i.e. the costings included in the recommendations made to the Australian Government). **These costings should be as accurate and as comprehensive as possible and should include any likely increases anticipated before construction actually commences.**

CAPITAL GRANT APPLICATION PROCESS

