



CATHOLIC EDUCATION
COMMISSION OF WESTERN AUSTRALIA

Policy:	Debt Servicing Income and Assistance
Sub-Committee:	Finance Sub-Committee
Originally Released:	2011
Date for Review:	2020

1. Rationale

Catholic schools can serve as models for all within Western Australia who seek to create genuine communities. Such communities are always founded upon a shared commitment to the common good (Mandate, 7).

In order for Catholic school communities to grow, this shared commitment involves the use of limited resources to meet the needs of each school. School development that involves resources beyond the capacity of the school may involve school debt.

Debt Servicing Income and Assistance aims to form a partnership with all schools to ensure schools have equitable access to the resources and support they need to participate in their own development, that Catholic Education Western Australia (CEWA) debt is sustainable and that systemic debt remains within means as far as resources allow.

2. Definitions

Adjusted Budgeted Recurrent Income (ABRI) is the budgeted recurrent income of the school, less:

- Trading activity expenditure
- Camps and excursions expenditure
- Funding for strategic Australian and State Government funded programs
- Payments to third parties.

3. Scope

This policy applies to all Catholic schools and centres in Western Australia.

4. Principles

- 4.1 Catholic school communities promote the Christian belief that the rights and needs of others must always be respected and that individual rights must be balanced with the wider common good.
- 4.2 Resources shall be shared equitably. All students shall have access to the same opportunities and outcomes in so far as resources permit.
- 4.3 The principle of co-responsibility shall apply in the allocation of limited financial resources for debt servicing assistance made to schools from the Co-responsibility Building Fund (CBF) and Australian Government Recurrent Funding Amount for interest repayments on capital loans.
- 4.4 The school board is responsibly not only to the local school community, but also to the CECWA for the financial administration of the school, and as such it is required to account

for and administer all income, recurrent and capital, from whatever source, and all expenditure for the school. As such the school board, in consultation with Catholic Education Western Australia (CEWA), is responsible for setting in the Building Levy for its school.

- 4.5 Members of school communities shall have access to all the resources and support they need to participate in decisions which affect their own development and those of their community. As such, debt servicing assistance is an interim position, with school communities expected to assume responsibility for their own debts as soon as possible.

5. Procedures

- 5.1 All schools shall contribute to the CBF via a CBF levy set by the CECWA.
- 5.2 A percentage of the Australian Government Recurrent Funding Amount shall be set aside to assist schools that require debt servicing assistance for the interest component of the capital loans.
- 5.3 Where a school is building within CECWA approved current global area standards, as defined in the Building Quality Catholic Schools – a framework for capital planning and development in Western Australian Catholic schools – the school shall be eligible for debt servicing assistance.
- 5.4 Any additional debt servicing assistance for schools that have built beyond CECWA approved global area standards, as defined in the Building Quality Catholic Schools, will require CECWA approval.
- 5.5 All schools shall prepare, for approval by the CECWA, a Capital Development Plan (CDP) spanning a period of five years. The CDP will outline proposed building stages, costings, and applicable debt servicing income and assistance.
- 5.6 All schools shall use their Building Levy, plus a percentage of ABRI, to debt service capital loans. From 2016, schools receiving Debt Servicing Assistance will need to budget for their ABRI contribution.
- 5.7 The percentage of ABRI for existing schools shall be calculated on the number of students enrolled at the February census and based on Tables A and B:

Table A: Capital Loan Debt Servicing at Existing Primary Schools

Capital Loan Debt Servicing – Existing Primary Schools	
Primary Student Enrolment	Percentage of ABRI
0 – 299	0.5% of ABRI
200 – 449	1.0% of ABRI
450 – above	1.5% of ABRI

Table B: Capital Loan Debt Servicing at Existing Secondary Schools

Capital Loan Debt Servicing – Existing Secondary Schools	
Secondary Student Enrolment	Percentage of ABRI
0 – 299	2.0% of ABRI
200 – 449	3.0% of ABRI
450 – 599	4.0% of ABRI
600 – 749	5.0% of ABRI
750 – 999	6.0% of ABRI
1000 – 1249	7.0% of ABRI
1250 – above	8.0% of ABRI

- 5.8 The percentage of ABRI for new schools shall be calculated on the number of students enrolled at the school at the February census and based on the tables C and D below:

Table C: Capital Loan Debt Servicing at New Primary Schools

Capital Loan Debt Servicing – New Primary Schools	
Primary Student Enrolment	Percentage of ABRI
0 – 60	0.1% of ABRI
61 – 120	0.2% of ABRI
121 – 180	0.4% of ABRI
181 – 299	0.5% of ABRI
300 – 449	1.0% of ABRI
450+	1.5% of ABRI

Table B: Capital Loan Debt Servicing at New Secondary Schools

Capital Loan Debt Servicing – New Secondary Schools	
Secondary Student Enrolment	Percentage of ABRI
0 – 75	0.5% of ABRI
76 – 150	1.0% of ABRI
151 – 299	2.0% of ABRI
300 – 449	3.0% of ABRI
450 – 599	4.0% of ABRI
600 – 749	5.0% of ABRI
750 – 999	6.0% of ABRI
1000 – 1249	7.0% of ABRI
1250 – above	8.0% of ABRI

- 5.9 The percentage of ABRI for composite schools shall be calculated separately for the primary and secondary components of the school, based on enrolments at the February census.
- 5.10 Primary enrolments shall include Kindergarten (0.6 FTE) and pre-primary to Year 6 (1.0 FTE) enrolment numbers.
- 5.11 For secondary schools, enrolment numbers are from Year 7 to Year 12 (1.0 FTE).
- 5.12 New composite and secondary schools shall contribute 3% of their tuition fee to the New Sites Acquisition Fund for 25 years from when the school's Year 7 reaches 128 students to assist in the purchase of future secondary and composite school sites.

6. References

Bishops of Western Australia 2009, *Mandate of the Catholic Education Commission of Western Australia: 2009 – 2015*

CECWA Justice Education policy

Catholic School Board Constitution – Western Australia

7. Related Documents

Report on Outstanding Debt at 31 December 2014

Co-responsibility Building Fund audited financial statement as at 31 December 2014

Long-term System Responsible Debt-Servicing Projections 2015-2029 and recommendations

Building Quality Catholic Schools – a framework for capital planning and development in Western Australian Catholic Schools

CECWA Capital Planning and Development policy

8. Review History

Year of Review:	Reviewed by:	Amendments/Review
2011	SRC	Originally Released
2015	SRC	Reviewed
2017	CEWA Policy Group	Reformatted

9. Next Review

Year:	Sub-Committee Responsible
2018	Finance Sub-Committee