Date Introduced: 15 October 1981
House: House of Representatives
Presented by: Hon. Wal. Fife, M.P.,
Minister for Education

Short Digest of Bill

Purpose

To extend the coverage of the Non-government Schools (Loans Guarantee) Act 1977 to include proposed as well as existing non-government schools in the States.

To extend the scope of a loans guarantee to cover the payment of interest moneys in addition to the repayment of principal moneys for the purpose of expenditure on an approved building project at a non-government school.

Background

The Schools Commission Report for the Triennium 1976-78 recommended that the Australian Government guarantee loans raised by non-government schools for building projects approved for that purpose by the Schools Commission. The Commission was concerned that non-government schools were limited in their ability to upgrade facilities by their capacity to raise and service their share of the total costs of extensions or improvements.

The Government accepted the recommendation which was effected by the Non-Government Schools (Loans Guarantee) Act 1977. Loan guarantees for schools in the Australian Capital Territory and the Northern Territory were authorised by the Independent Schools (Loans Guarantee) Act 1969.

On 24 September 1981 the Minister for Education, the Hon. Wal. Fife, announced changes to bring the loans guarantees in the States more into line with those for non-government schools in the A.C.T. and the Northern Territory. This would be achieved by extending coverage of the guarantee scheme to include interest repayments as well as principal repayments. He announced also that the assistance would be widened to include proposed
non-government schools. As outlined in the Budget Statements 1981-82 non-government school enrolments are expected to increase despite an overall decline in total school enrolments.

Main provisions

Clause 3 of the Bill amends the definition of 'non-government school' to include proposed as well as existing non-government schools. This new definition is consistent with those contained in s.3 (1) of the States Grants (Schools Assistance) Act 1980 and the States Grants (Schools Assistance) Bill 1981 (clause 3 (1)).

Clause 4 of the Bill repeals sections 5 and 6 of the Principal Act and substitutes a new section 5. This provides that a loan guarantee may cover the whole or a specified part of any interest payments, as well as the repayment of principal moneys, on a loan entered into by a non-government school authority. Clause 4 (1) further provides that a guarantee will not be given by the Treasurer unless the Minister certifies that-

(a) he considers the terms and conditions of the agreement are satisfactory;

(b) he is satisfied that in the absence of a guarantee a school authority would not be able to obtain a loan on satisfactory terms and conditions; and

(c) the guarantee will not be given to cover any project for which a Commonwealth grant is provided, or to be provided, for any part of the repayment of the principal moneys or interest.

Clause 4 (2) provides that sections 5 and 6 of the Principal Act, although repealed by Clause 4 (1) will continue to apply to a building project of a non-government school which has already been approved under section 4 of the Principal Act.

Clause 5 of the Bill amends section 8 of the Principal Act which deals with the recovery of any moneys paid by the Commonwealth under a guarantee. This section is extended to cover any payments by the Commonwealth in respect of interest as well as the payments in respect of principal moneys.
For further information, if required, contact:

20 October 1981 Education and Welfare Group LEGISLATIVE RESEARCH SERVICE