



Loans sought by Parents and Citizens' Associations procedure

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Audience

Department-wide and parents and citizens associations

Purpose

This procedure outlines the responsibilities and processes relating to the loan approval process for Parents and Citizens' Associations (of Queensland State Schools) completed by the Department of Education (the department).

Overview

Queensland State School Parents and Citizens Associations (P&C) may borrow funds for the provision of capital resources for the benefit of students at the P&C's school.

P&Cs are classified as statutory bodies. Under the [Statutory Bodies Financial Arrangements Act 1982 \(Qld\)](#) (SBFA Act), a statutory body may borrow with the Treasurer's approval. The Treasurer has provided a general approval which allows P&Cs to enter into loans with the Queensland Treasury Corporation (QTC) subject to approval by the department. The Treasurer guarantees the P&C's obligations, under the borrowing, to make payments to QTC under the SBFA Act.

When a P&C seeks a loan from a non-QTC lender, the approval and guarantee must be sought from the Treasurer, unless it is for a swimming pool or an assembly/activity hall, when the approval and guarantee must be sought from the Minister for Education (the Minister).

In managing the project, it is critical that schools and P&Cs refer to the department's [School Managed Facility Project Instructions](#) (DoE employees only) during the planning, delivery and completion stages of the project. P&Cs are required to consider options to reduce the amount and/or loan duration, including available contributions and subsidies towards the project and reducing financial risk to the P&C, the school and the State.

Business Solutions and Advice, Finance Branch will assess the information provided by the P&C to determine whether to recommend the loan for approval. Loan approval must be granted before the project commences to ensure sufficient funding is obtained for the project.

Responsibilities

Principal

- ensure the P&C seeks prior approval from the department/Minister/Treasurer, as appropriate, before entering into a loan agreement
- provide support for the P&C loan application, including confirming the school cash contribution (where applicable), support of the project and its benefit for students at the school through a letter (refer to the [P&C Loan Application Form and Checklist](#) for example letter)
- work with the department to identify a suitable contribution or repayment plan for the P&C loan if the P&C experiences difficulty in making required loan repayments.

Parents and Citizens Association

- provide all relevant documentation to Business Solutions and Advice, Finance Branch, in accordance with the [P&C Loan Application Form and Checklist](#)
- liaise with the school's Regional Infrastructure Manager or Advisor to determine and obtain relevant approvals to comply with the department's requirements and the building regulations
- arrange drawdown of an approved loan with the lender
- provide documentation to Business Solutions and Advice, Finance Branch as specified in the loan approval letter for loans approved with conditions, for example annual audited financial results.

Business Solutions and Advice, Finance Branch

- assist the P&C with the application process
- assess each loan application to determine whether to recommend the loan for approval
- confirm Siting Approval and / or Joint Development Agreement, if applicable, from the department's Regional Infrastructure Manager or Advisor in accordance with the department's [School Managed Facility Project Instructions](#) (DoE employees only)
- advise the P&C of the outcome of the approval sought and any conditions
- advise the lender of approval
- review documentation received periodically from the P&C (as specified in the loan approval letter) for loans approved with conditions, and take action deemed necessary.

Regional Infrastructure Manager or Advisor

- advise whether the P&C's project (being funded by the loan) has complied with the department's infrastructure requirements and all relevant departmental/regulatory approvals have been obtained.

Chief Finance Officer and Assistant Director-General Finance, Procurement and Facilities

- consider approval for loans sought by P&Cs from QTC.

Minister for Education

- consider approval for loans sought by P&Cs from lenders other than QTC, as delegated by the Treasurer, and approval of a guarantee for non-QTC loans sought by P&Cs for swimming pools and

assembly/activity halls, subject to certain conditions (refer to the eligibility criteria in the 'Process' section below).

Treasurer

- guarantee P&C loans from QTC, provided that departmental approval has been granted
- consider P&C submissions to obtain loans from non-QTC lenders, other than for the provision of a swimming pool or assembly/activity hall
- guarantee P&C loans from non-QTC lenders other than for the provision of a swimming pool or assembly/activity hall.

Process

1. Decision and agreement to apply for a loan

The P&C works with the school, school community and Regional Infrastructure Services in identifying capital needs of the school. Where capital needs are identified, estimated project costs are obtained by the P&C through quotes or a quantity surveyor's cost estimate report. The P&C works with the school to identify potential project funding sources, including the following when a decision is made to apply for a loan:

- agrees the need to apply for a loan, taking into consideration other contributions and subsidies available such as P&C cash contributions, school cash contributions (where applicable) and subsidies such as [the School Subsidy Scheme \(SSS\)](#) (DoE employees only)
- obtains loan quotations from QTC (at a minimum) or non-QTC lenders and decides on the desired lender. Note: when a non-QTC lender is requested, the P&C must provide an additional comparison of the interest rate of the selected lender relative to market interest rates, including QTC interest rates, and justification for not choosing QTC
- identifies the required loan amount and duration, up to a maximum of 10 years or less when the effective life of the asset is less than 10 years for which the loan will be repaid
- resolves at a meeting of the P&C to apply for a loan specifying the proposed lender, amount and term of the proposed loan, as well as cash contributions and subsidies from the P&C, school and/or other parties.

Note: the [P&C Loan Calculator Tool](#) can assist the P&C assess the loan amount and duration for which the P&C can afford to meet debt servicing obligations. Typically, loans with a shorter duration will attract lower interest rates.

2. Assess whether the eligibility criteria for a loan is met

The P&C determines whether the proposed loan and associated project satisfies the following eligibility criteria:

- The project to be funded by the P&C loan is for provision of capital resources that benefit students at the P&C's school.
- At least 50% of the total project cost (which includes GST and appropriate contingency allowances) is funded by cash contributions, including subsidies.
- Total project costs (including GST and contingency allowances) are adequately costed in the desired contractor's quote or a quantity surveyor's cost estimate report.

- The term of the loan does not exceed the lesser of 10 years or the expected effective life of the proposed capital resource(s) and is reduced where possible.
- When the proposed lender is non-QTC, the P&C is required to show that the interest rate proposed is competitive relative to market interest rates, including QTC interest rates, and provide explanation for not selecting QTC.
- The P&C has demonstrated availability of cash on hand to meet at least 50% of the total project cost, including GST and project contingency allowances in accordance with the School Managed Facility Project Instructions (usually about 5% – 10% depending on the project size).
- The P&C has the capacity to service and repay the loan.

3. P&C obtains and submits required information for assessment

To initiate a loan application, the P&C gathers prerequisite information listed in the [P&C Loan Application Form and Checklist](#), including consultation with the school's Regional Infrastructure Manager or Advisor. The P&C Loan Application Form and Checklist includes information on where the P&C can obtain required information.

The P&C emails to Business Solutions and Advice, Finance Branch at solutions@qed.qld.gov.au, the signed P&C Loan Application Form and Checklist and all prerequisite information listed, including:

- details of the project including objectives, assets and timelines
- details of the P&C, school and loan sought including the lender, loan amount and loan term
- a signed letter from the Principal confirming cash or non-financial contributions from the school, support of the proposed project, benefits for students at the school and awareness that the school may need to contribute to repaying the loan if the P&C has difficulty in making repayments
- project cost information including contingency (explanation when under 5% of estimated project costs)
- an explanation of the cash contributions from the P&C (including committed and uncommitted P&C cash reserves) and the school (where applicable)
- confirmation on whether the school or P&C will contribute towards the project's Goods and Services Tax
- evidence of P&C resolution to apply for a loan at a meeting of the P&C and supported by the principal
- a copy of a quote from QTC indicating the loan amount, interest rate, loan term and annual repayment amount
- when the proposed lender is not QTC, a comparison of the interest rate of the selected lender relative to market interest rates, including QTC interest rates, and reason(s) for not choosing QTC
- details of any existing loans held by the P&C
- current year approved budget of the P&C
- a copy of the P&C's audited financial statements for the three most recent years and current Year-To-Date Profit and Loss Statement against budget
- Current bank statements for all bank accounts
- forecast of Income and Expenditure for the next three (3) years including estimates and explanatory notes. The P&C Loan Application Form and Checklist provides an example forecast

- confirmation of grants or subsidies sought/obtained
- a copy of all relevant approvals in accordance with the department's School Managed Facility Project Instructions e.g., siting approval and/or joint development agreement.

4. Assessment and approval

Upon receipt of the P&C's loan application, Business Solutions and Advice, Finance Branch will:

- assess compliance of submitted information with prerequisite requirements included in the P&C Loan Application Form and Checklist
- assess whether cash contributions and subsidies (from the P&C and/or other parties) for the project are at least 50% of the total project cost (including GST and contingency allowances)
- confirm total project costs (including GST and contingency allowances) are adequately costed in the desired contractor's quote or a quantity surveyor's cost estimate report
- assess loan application to ascertain whether the P&C has the ability to meet loan repayments in addition to its normal annual operating costs, and that the project is eligible for a loan (criteria detailed above)
- for built infrastructure projects, obtain confirmation from the department's Infrastructure Services Branch that the project is compliant with the relevant requirements
- seek approval of the loan from the appropriate delegate.

5. Notification of outcome

Business Solutions and Advice, Finance Branch:

- advise the P&C, in writing, of the outcome of the loan application
- if approved, advise the lender, in writing, of the loan application approval
- for non-QTC loans provide the signed guarantee document to the P&C.

6. Drawdown of the loan and commencement of project

The P&C:

- obtains, in writing, the loan application approval
- liaises with Infrastructure Services contact(s) to obtain project commencement approval
- contacts the lender to arrange drawdown of the loan
- makes loan repayments and monitors ongoing ability to make repayments.

Note: in accordance with the department's School Managed Facility Project Instructions, the project cannot commence until all financial contributions are confirmed, i.e., the loan must be formally approved.

7. Loan Reporting

When the loan is approved with reporting conditions, the P&C emails information as requested in the loan approval letter (or as advised) to Business Solutions and Advice, Finance Branch at solutions@qed.qld.gov.au at intervals specified in the loan approval letter.

8. Early Repayment of Loan

If the P&C agrees to repay the debt early, the P&C contacts the lender to obtain an early repayment quote in accordance with the conditions of the loan and arranges the early repayment with the lender.

8. Loan Repayment Difficulty

If the P&C foresees or is having difficulty with making repayments, the P&C must notify the principal, the lender and Business Solutions and Advice, Finance Branch at solutions@qed.qld.gov.au.

Finance Branch will work with the P&C and the school to agree a suitable plan including:

- P&C repayment plan
- school contribution or repayment plan.

Definitions

Term	Definition
Siting Approval	Approval to commence the planning and development of a facility project on department property. Approval is obtained by submitting a Siting Approval Application to the Regional Infrastructure Manager/Advisor, along with supporting documentation outlined in the form
Joint Development Agreement	Agreement between the school, P&C or community group for projects not located on department property, which includes appropriate ownership and approval details
Capital resources	Projects with capital resources will typically result in the creation of capital assets that are then retained by the school for the purpose of delivering and furthering educational services provided by the department. The resulting capital assets are not intended for sale in the ordinary course of school operations.
Contingency allowances	Contingency allowance is an amount of money included in project cost estimates to cover potential events not specifically accounted for in a cost estimate. The purpose is to cover unanticipated project costs, as well as unpredictable risk exposures . The School Managed Facility Project Instructions list project contingency costs to be usually 5% – 10% depending on the project size.
Effective life	Effective life refers to the length of time an asset is expected to be useful to the owner. Information on the effective life of an asset can be sourced from the ATO.
Guarantee	A guarantee refers to a guarantee (in writing) provided by the Treasurer, or Minister as delegate, for the state to perform the obligations of a statutory body under a financial arrangement entered into by the body under the SBFA.

Legislation

- [Education \(General Provisions\) Act 2006 \(Qld\)](#) Chapter 7
- [Statutory Bodies Financial Arrangements Act 1982 \(Qld\)](#) Part 5

Delegations/Authorisations

- [Departmental Administrative Authorities](#) (departmental employees only):
 - Statutory body borrowings sought under the Treasurer's General Approval
 - Statutory body request to enter into financial arrangements under the SBFA Act.

Policies and procedures in this group

- Nil

Supporting information for this procedure

- [P&C Loan Application Form and Checklist](#)

Other resources

- [P&C Loans – Calculator Tools](#)
- [School Managed Facility Project Instructions](#) (DoE employees only)

Contact

For further information, please contact:

Business Solutions and Advice
Finance, Procurement and Facilities Division
Email: solutions@qed.qld.gov.au.

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23/01/2026

Superseded versions

Previous seven years shown. Minor version updates not included.

3.0 Loans Sought by Parents and Citizens' Associations

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