Aged Care No Interest Loan Scheme Guidelines

August 2026

SAFA
South Australian Government Financing Authority

Government of South Australia

Contents

Enquiries:

SAFAIndustryAssistance@sa.gov.au

South Australian Government Financing Authority (SAFA)

State Administration Centre
Kaurna Country
200 Victoria Square, Adelaide SA 5000
www.safa.sa.gov.au

Background

Demand for residential aged care is projected to grow significantly over the next 20 years with an estimated 10,600 additional residents anticipated nationally each year. This change is more pronounced in South Australia, which has the highest proportion of people aged over 85 in Australia, the age group most commonly accessing aged care services.

Increasing longevity is expected to place further pressure on residential aged care services and will require new approaches to ensure services remain available and responsive to community needs into the future.

The *Aged Care No Interest Loan Scheme* (**Loan Scheme**) will support capital investment in the development, refurbishment and expansion of aged care infrastructure to increase the number of aged care beds for older South Australians needing residential aged care.

The Loan Scheme will be administered by the South Australian Government Financing Authority (**SAFA**).

Objectives

Loans are available to incentivise construction of new **aged care beds**.

The Loan Scheme will prioritise projects that:

- increase access to beds for **fully supported residents**,
- increase the supply of **memory support beds**,
- address areas of residential aged care under-supply, including the support of patients with complex care needs and areas with limited service availability, to improve access and equity, and
- can be fast-tracked with new beds made operational quickly.

Beds that are prioritised for people able to pay a Refundable Accommodation Contribution (RAC) will not be a priority for the Loan Scheme.

The Loan Scheme is open to **registered residential aged care providers (registered provider)** (including not-for-profit, private, and public companies) and approved **special purpose vehicles (SPVs)**.

Loans will be provided on the basis that they meet the below **objectives**:

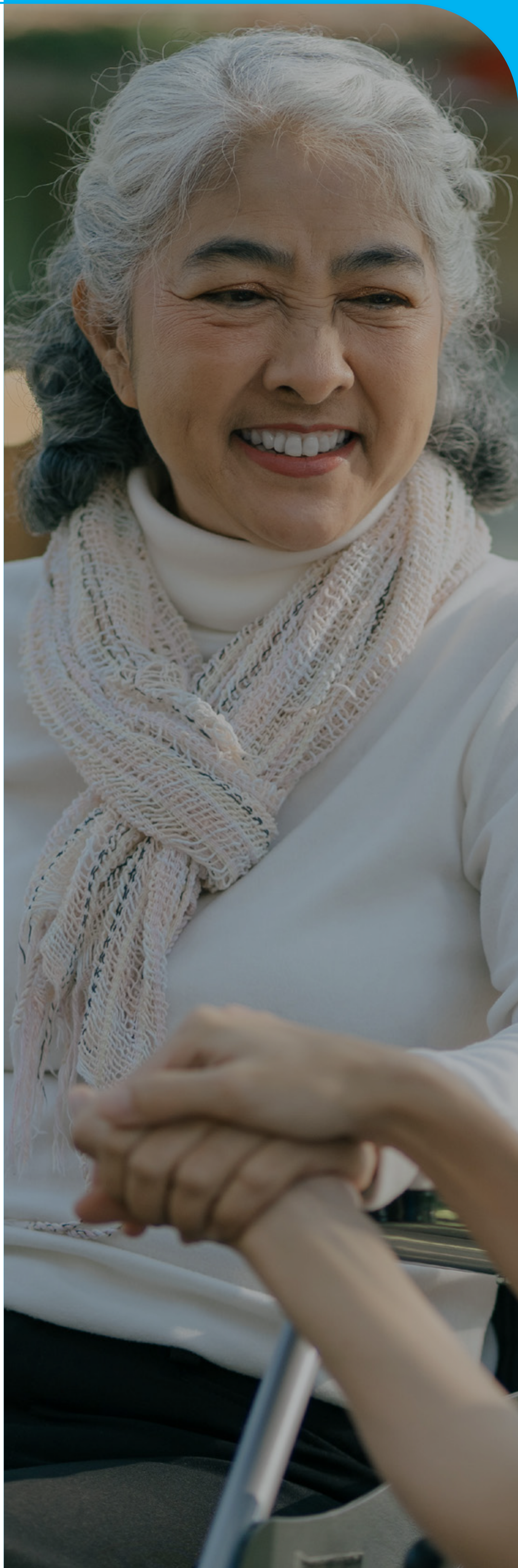
- new aged care beds are operational within 48 months of execution of the Loan Facility Agreement;
- there is a net increase in aged care beds, with priority given to proposals that include a net increase in beds for fully supported residents and/or a net increase in memory support beds (noting that not all beds in a proposal are required to meet these purposes); and
- aged care operators are prepared to enter into long term agreements (at least for the term of the loan) to make a number or proportion of beds available for government priorities, including to prevent older persons being admitted to hospital (where not required except for access to an aged care bed) or to enable discharge from hospitals.

Borrowing thresholds

Loans of up to $50 million are available per application, with a maximum term of 15 years inclusive of any development phase and repayment-free periods during the construction phase. Applicants are expected to provide a funding contribution.

Each registered provider can apply for multiple projects up to a total loan value of $50 million.

Loan funds will be disbursed progressively in accordance with an agreed milestone schedule, with each drawdown linked to verified stages of construction or project delivery. This ensures accountability and alignment with approved timelines.



Eligibility criteria

To be considered under the Loan Scheme, the application must meet all components of the eligibility criteria.

The applicant must:

- be a legal entity established or incorporated in Australia;
- have held an **Australian Business Number** (ABN) or **Australian Company Number** (ACN) since 1 July 2026;
- be a **registered provider**;
- have not in the past 12 months been subject to any relevant enforcement activities by the **Aged Care Quality and Safety Commission (the Commission)**;
- declare any failing to meet mandatory regulatory requirements that have resulted in compliance action by the **Commission**, and provide evidence that the non-compliance has been remedied to the satisfaction of the **Commission**;
- be registered for **Goods and Services Tax** (GST) as at 1 July 2026;
- be **solvent** and able to demonstrate ongoing financial viability, including provision of recent financial statements and financial projections;
- have no overdue debts to the **Australian Taxation Office** (ATO) including unpaid superannuation obligations;
- be capable of entering into a legally binding Loan Facility Agreement with the Treasurer;
- declare any other Government funding (Commonwealth, State and Local, Grants, and/or philanthropic arrangements) received or applied for in relation to the project (grants, loans, or other financial support), prior to or at any time during the loan; and
- not be an **ineligible applicant**.

In the instance that the applicant is a **special purpose vehicle** (SPV), the applicant must be fully supported by a guarantee from the **registered provider** (or its **related entities** which must include its parent entity).

*Please note: Where an applicant intends to use a SPV entity as the borrower, the applicant must identify all its **related entities** which will guarantee the performance and repayment obligations of the SPV entity under the Loan Facility Agreement.*

How the loan may be used

The project must:

- be located in South Australia;
- be one of the following:
  - new residential aged care development;
  - refurbishment or expansion of existing residential aged care facilities; or
  - infrastructure upgrades required to meet building standards and **Aged Care Quality Standards**.
- begin construction within 12 months and be complete within 48 months of approval of a Loan Facility Agreement under the Loan Scheme; and
- meet the objectives of the Loan Scheme.

Eligible project expenditure

Eligible project expenditure includes direct project-related costs, including any third-party arms-length service providers engaged.

It includes, but is not limited to:

- construction costs;
- purchases of new equipment;
- freight and installation costs; and
- payments to consultants (e.g. designers, engineers and technical specialists) where this is directly related to the project.

Ineligible project expenditure

Applicants will need to meet the cost of any ineligible project expenditure associated with their project. Loans will not be awarded for (or applied against) any of the following:

- ongoing business as usual activities, including but not limited to:
  - salaries and wages for new or existing staff (except where they are wholly and directly engaged in the project for a defined period of time)
  - payments to owners, partners, directors, shareholders of the applicant ("Personnel") and/or any Related Entity; and
  - general operating costs such as maintenance, upgrades, communications, websites, marketing, utilities, accommodation, general computing purchases and software, printing and stationery, postage, travel, routine training, legal, banking and accounting fees.
- work completed by the applicant, a **Related Entity** or any personnel or employee related to the applicant;
- financing, leasing, interest or insurance costs;
- early-stage proof of concept activities, feasibility studies or investments;
- land purchases;
- business cases, costs associated with preparing applications, project management fees, costs to submit an application to the Loan Scheme or any other program, and costs to prepare any other reports in connection with the Loan Facility Agreement;
- projects that are being undertaken to directly or indirectly meet a legal or contractual requirement;
- replacement or upgrades to existing infrastructure which do not meet the Loan Scheme objectives;
- retrospective funding, where project costs have been incurred and/or paid prior to either submission of the application, or announcement of the Loan Scheme;
- projects that require ongoing recurrent State Government funding;
- projects undertaken on behalf of third parties;
- expenditure outside of the project activity start and ends dates in the Loan Facility Agreement; and/or
- refinancing of existing debt.

What to submit

In addition to completing the online application form, applicants must demonstrate that they meet the Eligibility Criteria when submitting the application and provide the following evidence and/or information in support of their application:

- a project plan for the proposed project which includes:
  - details of the business, including corporate structure of the applicant (including identifying all of its related entities)
  - details of the project scope
  - details of the number of additional beds and evidence of net increase
- a copy of the development approval for the project (if available);
- market analysis;
- detailed project budget (including quotes), and including in-kind and other financial contributions;
- profit and loss and cash flow projections for a minimum of five years post-completion of construction (including key assumptions) for:
  - the project construction/ implementation phase;
  - operational phase for the duration of the loan.
  - details of other project financing (if relevant);
  - project timeline; and
  - key risks to delivery/project dependencies
- the most recent two years of its audited financial statements and reports (displaying financial outcomes for at least three (3) full years);
- details of all State and Commonwealth grants and loans received in the past two (2) years and any pending applications for grants and loans;
- any other supporting project preparation documentation (e.g. cost-benefit analysis, project scoping, options studies, design and other relevant work) demonstrating compliance with the Eligibility Criteria; and
- any other information requested from time to time by SAFA through the application process.

Assessment

In order to protect the interests of the South Australian Government and the applicants, a thorough evaluation of all loan applications received under the Scheme will be undertaken.

Assessment panel

The Assessment Panel will be comprised of members nominated by the Department of Treasury and Finance (DTF) and the Department for Health and Wellbeing (DHW), as well as an independent member with experience in the aged care sector. Terms of Reference have been developed with respect to the Panel's operations.

The panel may also engage independent technical experts as needed to provide specialist advice where this is necessary to inform the panel's deliberations.

Assessment criteria

The Assessment Panel will evaluate applications against the criteria outlined below:

The Project

- Overall alignment with the Loan Scheme objectives; and
- Alignment with the government's objectives for the public hospital system, including increased transitions from hospital to residential aged care and prevention of avoidable admissions, particularly for patients with more complex needs, through net growth in the aged care sector.

Financial information

- Robustness of project costs and likelihood project can be delivered on budget;
- Reasonableness of financial assumptions/projections;
- Financial viability/sustainability of the business proposition over the long term without further government assistance; and
- Value for money (justification of the requested loan amount against the project's expected benefits and results).

Project Delivery

- Likelihood that construction will commence within 12 months, and the project be completed within 48 months of the approval of the Loan Facility Agreement;
- Managerial capability and financial capacity to implement the project without further assistance; and
- Business capability or expertise to successfully deliver the project.

Applicants should note that irrespective of eligibility and merit, there is no guarantee that an offer of funding will be made. Applications will be prioritised on the basis of highest number of priority aged care beds that meet the Objectives of the Loan Scheme for lowest call on the loan funds. The Treasurer, or their delegate, reserves the right to award a lower funding amount than sought by the applicant.

Loan features

Repayment Structure

The Loan Scheme applies a staged repayment structure designed to support project delivery and early operations.

Stage 1 – During Construction

- During the construction period, a repayment-free period will apply for a maximum of 48 months commencing from the first drawdown of the Loan Facility Agreement.

Stage 2 – Post Construction

- From practical completion through to the end of the loan term, borrowers must repay the principal amount of the loan in periodic instalments. Borrowers may elect to make additional voluntary principal repayments during this period, subject to agreement with the State.

The combined duration of Stage 1 and Stage 2 will not exceed a maximum loan term of 15 years from the date of the execution of the Loan Facility Agreement. At the end of the loan term, borrowers must repay fully the outstanding balance.

If the borrower sells the aged care facility that is the subject of the loan, SAFA will require that the loan is repaid in full upon settlement of the sale.

Establishment Fee

A loan establishment fee will be charged as part of a successful application under the Loan Scheme. The purpose of the establishment fee is to enable SAFA to cover costs associated with the administration, management and compliance of the Loan Scheme, as well as monitoring, auditing and enforcement activities in connection with the Loan Scheme.

The establishment fee is calculated having regard to the total costs incurred (or reasonably anticipated) in administering the Loan Scheme and will not exceed 0.5 per cent of the loan amount. The Treasurer may adjust the establishment fee from time to time to reflect changes to the Loan Scheme.

Loan Security

All applicants must provide security acceptable to the Treasurer (or their delegate) to protect the State's financial interests and ensure repayment obligations are met. Applicants should submit in their application a request for the Treasurer to consider any intercreditor arrangements with the applicant's existing financiers with respect to the application.

All security instruments must comply with relevant legal, probity and financial management requirements and be in a form approved by the State.

Core security requirements

Depending on the borrower's structure, the Treasurer (or their delegate) will require one or more of the following:

- **parent guarantee** (mandatory in certain cases):
  - The guarantee must cover all borrower obligations, including loan repayment and delivery of concessional / supported beds.
    - *Special purpose vehicles:* A parent guarantee is mandatory and must be provided by the **registered provider** (or its parent entity).
    - *Direct borrowers:* A parent guarantee is required where a parent entity exists, and the group structure warrants additional credit support.
- **mortgage**
  - A registered mortgage over the project site or facilities, with priority determined by SAFA to align with the overall project financing structure.
- **general security agreement (GSA)**
  - A GSA over the borrower's assets, structured to reflect the agreed capital structure.
- **specific security agreement (SSA)**
  - A SSA over a specific borrower's asset, structured to reflect the agreed capital structure.

Intercreditor arrangements

Where the borrower has an existing arrangement with its financiers or funders (e.g. Commonwealth Government), with respect to any of the securities referred to above, the Treasurer may require that the parties enter into an intercreditor or alternative agreement which regulates the rights, priorities and relationship between the Treasurer and the financier, particularly where the borrower defaults or becomes insolvent.

Conditions precedent to drawdown

Loan funds will not be released until the borrower has satisfied the conditions precedent to the drawdown under the Loan Facility Agreement. Examples of the conditions precedent are as follows:

- *Capital Structure Requirements*
  - **Borrowers** must demonstrate an appropriate capital structure that supports project viability and protects the State's financial interests. This includes a funding contribution appropriate to the project's capital structure, funded and committed prior to, or at the time of, first drawdown.
- *Project Site and Delivery Requirements*
  - Borrowers must provide:
    - ownership, leasehold, or legal authority to use the project site;
    - assignment of key project contracts or insurance rights;
    - project-specific undertakings necessary to safeguard delivery of concessional / supported beds; and
    - evidence that all approvals, authorisations, consents, licences, permits and permission required in connection with the project have been obtained (including without limitation):
      - any planning and development approvals under applicable planning and development legislation;
      - any building construction or subdivision approvals;
      - all environmental approvals; and
      - any other approvals required from any government authority.

Additional Repayments

Borrowers are permitted to make additional repayments to reduce their outstanding balance, however, once paid, the applicant is unable to redraw against the paid portion of the loan balance. The borrower must inform SAFA of their intention to make an additional payment. Redraw facilities will not be available under the Loan Scheme.

How to apply

All applications to the Loan Scheme will need to be submitted via the online application portal at: https://safa.sa.gov.au/commercial-advisory/aged-care-no-interest-loan-scheme

Applications must be submitted by the closing date to be considered, which will be published on the Loan Scheme website.

Further application periods may be announced from time to time and will be notified on the website.

Further information

If you require further information regarding the Loan Scheme, please contact:

SAFAIndustryAssistance@sa.gov.au

Reporting requirements

Recipients must submit a final acquittal, baseline report confirming current bed numbers and ratio of fully supported residents over the past 12 months, periodic progress updates, (indicating any identified issues of risks to the project deliverables or scope), demonstrating achievement of agreed milestones and outputs. Reports must be accurate, timely, and substantiated.

Ongoing financial reporting must be provided under the terms of the Loan Facility Agreement post operations commencing, including budget and management accounts, financial statements and ratios, bed composition (standard vs memory support), fully supported resident ratios, bed vacancy levels, as well as any other priority areas identified in the application.

Failure to meet reporting obligations may result in repayment of funds, suspension of disbursements, or termination of the loan. SAFA reserves the right to audit recipients, verify data, and request further information to ensure transparency and alignment with the Loan Scheme's objectives.

Terms and conditions

The following Terms and Conditions apply to the Loan Scheme:

- By submitting an application, the applicant agrees to comply with these Terms and Conditions of the Loan Scheme.
- In consideration of the applicant agreeing to comply with these Terms and Conditions, the State will, on and subject to these Terms and Conditions, receive and consider the application.
- SAFA will assist the State in administering and assessing applications. Without limitation:
    - The State reserves the right to vary, suspend or withdraw the Loan Scheme or funding availability if program parameters change or appropriated funds are exhausted.
    - These Terms and Conditions may be exercised by, or through, SAFA on behalf of the State.
    - Anything that may be done by the State in connection with the Loan Scheme (including corresponding with an applicant or assessing an application) may be done by the State through SAFA; and
    - All representations, warranties, undertakings, consents, acknowledgements and agreements given by the applicant in favour of the State are also given in favour of SAFA.
- Anything required or permitted to be done by the State may be done by an authorised officer of the State, SAFA, as applicable.
- Where the Borrower is a Special Purpose Vehicle (SPV), the Loan Agreement must include a Parent Guarantee from the ultimate approved aged care provider or controlling entity, in a form acceptable to the State.

Privacy and FOI policy

The Treasurer is subject to the *Freedom of Information Act 1991* (SA), which provides a general right of access to records held by SA State and Local Government agencies. Information relating to the receipt of State Government financial support may be tabled in the SA Parliament. This may include recipient names, funding amounts, project titles, and short project descriptions, and could result in further details being released publicly.

SAFA may also collect and disclose personal information for the purposes of administering, assessing, and evaluating applications. Information may be provided confidentially to third parties engaged to assist in the assessment process. Recipients may be publicly identified in Ministerial media releases, on the DTF website, and on social media platforms.

All personal information will be managed in accordance with the Government of South Australia's *Information Privacy Principles (IPPs)* Instruction and all other applicable legislation. Failure to supply required information may result in an application not being assessed. Additional information on the *Freedom of Information Act 1991* (SA) is available on the DTF website.

Reservation of Rights

The **State** reserves the right for any reason, at any time and from time to time, to (in whole or in part) cancel the Loan Scheme or to (in whole or in part) vary, supplement, supersede or replace the Loan Scheme, Guidelines or Terms and Conditions.

Disclaimer

No responsibility for any loss or damage caused by reliance on any of the information or advice provided by or on behalf of the **State**, or for any loss or damage arising from acts or omissions made, is accepted by the **State**, its instrumentalities, officers, servants or agents.

Copyright

By applying for this Loan Scheme, an applicant will be taken to:

- license the **State** to reproduce for the purpose of this process, the whole or any portion of the application despite any copyright or other intellectual property right that may subsist; and
- transfer ownership in the documents and any other materials constituting the application to the Treasurer.

Definitions

Australian Business Number means the 11 digit business identifier issued under the *A New Tax System (Australian Business Number) Act 1999* (Cth) by the Australian Business Register.

Australian Company Number means the 9 digit number issued to a company by the Australian Securities and Investments Commission (ASIC) under the *Corporations Act 2001* (Cth) upon registration of that company.

Australian Taxation Office means the Commonwealth of Australia agency responsible for the administration of taxation legislation, including the collection of taxes and the regulation of superannuation, or any successor body.

aged care beds means a place within a residential aged care home, approved to provide Federal Government subsidised care and services including accommodation, personal care and access to nursing 24 hours a day for eligible older people.

Aged Care Quality and Safety Commission (the Commission) is the national end-to-end regulator of aged care services, and the primary point of contact for consumers and providers for quality and safety in aged care in Australia.

Aged Care Quality Standards has the meaning given in the *Aged Care Act 2024* (Cth).

borrower means:

(a) the successful applicant who enters into the Loan Facility Agreement with the Treasurer; or

(b) a SPV entity in the circumstances where the Treasurer has consented to the successful applicant nominating that SPV entity as the borrower in the application under the Loan Scheme.

enforcement activities means any obligations that affect a provider by the Aged Care Quality and Safety Commission.

general security agreement is an agreement which creates a security interest in all present and future assets of the borrower in favour of the Treasurer under the terms of the Loan Facility Agreement.

goods and services tax means goods and services tax levied under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

guarantee means a contractual agreement whereby the guarantor covenants to the Treasurer that the guarantor will fulfil the performance and repayment obligations of the borrower if the borrower fails to do so under the terms of the Loan Facility Agreement.

ineligible applicant means:

- government agencies;
- Government Trading Enterprises (GTEs);
- individuals; or
- non-GST-registered entities.

memory support beds are dedicated beds within aged care homes, designed for people with memory loss, providing a secure purpose-build environment and specialised care provisions.

mortgage is an agreement which creates a security interest in real property owned by the borrower in favour of the Treasurer under the terms of the Loan Facility Agreement.

registered residential aged care provider (registered provider) means a registered provider as described in section 11(2) of the *Aged Care Act 2024* (Cth). A registered provider is an organisation that owns and operates aged care services including respite and residential care (aged care homes), and holds the required qualification, licence and accreditation requirements with the Aged Care Quality and Safety Commission.

related entity means in relation to the applicant ('First Entity'):

- an entity which is a related body corporate to the First Entity within the meaning of s 50 of the *Corporations Act 2001* (Cth)
- an entity which controls the First Entity or their business, or which is controlled by the First Entity or their business within the meaning of s 50AA of the *Corporations Act 2001* (Cth)
- where the First Entity or their business is controlled by an entity (the 'Principal Entity'), any other entity which is controlled by the Principal Entity within the meaning of s 50AA of the *Corporations Act 2001* (Cth)
- an entity which has an investment in the First Entity or their business
- an entity in which the First Entity or their business has an investment
- an associate of the First Entity within the meaning of s 50AAA of the *Corporations Act 2001* (Cth)
- any officer or employee of the First Entity
- any other entity which, in the opinion of the Treasurer or their delegate, is related to the First Entity or their business.

solvent means in respect to a person or entity, it is able to pay its debts as and when they become due and payable.

special purpose vehicles means a separate legal entity used to isolate financial risk, hold assets, or structure specific transactions away from a parent company.

supported resident means an aged care home resident where the Australian Government partially or fully pays for their aged care home accommodation costs.