

SAVE OUR SCHOOLS

Education Policy Comment

Wealthy Victorian Private Schools Rake in Millions in Donations & Investment Income

Victoria's wealthiest most exclusive private schools are raking in millions of dollars in donations and investment income. It exposes a major flaw in how private schools are funded. These millions are ignored in assessing the need for government funding. It means the schools are massively over-funded by the taxpayer. It shows that the funding of private schools must be overhauled.

New figures obtained from the [Australian Charities and Not-for-profits Commission \(ACNC\)](#) show that 44 Victorian private schools received nearly \$300 million in donations and investment income over five years from 2017 to 2021 (see table below). Donations totalled \$215 million and investment income was \$84 million. Just nine schools received \$175 million over the period. The average income from these sources was \$6.8 million per school over the five years. Each of the 44 schools received more than \$1 million over the five years.

Melbourne Grammar raked in the most donations and investment income at \$43.2 million comprised of \$26.7 million in donations and \$16.5 million in investment income. Other schools with highly lucrative income in these forms were Geelong Grammar with \$32 million (\$16.3 million in donations and \$15.7 million as investment income), Scotch College with \$31.4 million over four years (\$30.2 million in donations and \$1.2 million from investments) and Caulfield Grammar with \$17 million (\$10.4 million in donations and \$6.6 million from investments).

Five other schools received over \$10 million – Wesley College \$10.8 million, Ivanhoe Grammar \$10.6 million, Bialik College \$10.2 million, Korowa \$10.1 million and Xavier College \$10.1 million.

Donations and investment income of these wealthy exclusive schools dwarf other private income of public schools. The average such income of Victorian public schools in 2020 was \$179 per student. By contrast the donations and investment income of Melbourne Grammar was \$5,055 per student and \$5,784 per student at Geelong Grammar.

These 44 private schools received \$484 million in funding by the Commonwealth and Victorian governments in 2020. This funding was determined without regard to their donations and investment income.

Under the current Commonwealth funding method, private school funding is determined by the capacity of families to pay fees. This is measured by the adjusted taxable income of families as reported by the Australian Taxation Office. It ignores other very lucrative sourced of income for private schools such as donations and investment income.

These schools raise additional funds through multiple tax exempt organizations such as foundations, building funds, scholarship funds and others. For example, Melbourne Grammar raises funds from its Foundation Endowment Fund with assets of \$56 million and a building fund. Geelong Grammar raises funds from its Endowment Trust, with assets of \$31 million, a Scholarship Foundation with assets of \$40 million, a building fund and a foundation.

Scotch College has numerous trusts and beneficial funds that provide funding for the school. Indeed, it has so many that it had a [special Act of the Victorian Parliament](#) passed in 2001 to enable it to pool the investment of those trust funds in one or more common funds to minimise administrative costs of operating each fund and increase its investment income. Scotch College has its own building, library and museum funds. [The Scotch College Foundation](#) raises money for the school through numerous funds including scholarships, bursaries, arts, library and endowment funds. The Foundation had current assets of \$100 million in 2021 according to its [annual information statement to the ACNC](#).

At the time the Scotch College Common Fund Bill was debated in the Victorian Parliament, the Labor member for the district of Footscray in Melbourne's west, Bruce Mildenhall, contrasted the huge fund raising success of Scotch College with the inadequate funding of Braybrook College, a public school in his electorate. He said: "It is testament to the inequality in our education systems that those inequalities are being exacerbated and widened." It is even more evident 20 years later.

It should also be noted that donations to private schools and their foundations and trusts also reduce the tax burden of the donors, so even more money goes to private, not public benefit.

The failure to include donations and investment income in determining Commonwealth funding of private schools is a major flaw in the current funding model. It results in over-estimation of the financial need of private schools and massive over-funding by the taxpayer. However, it is not sufficient to just include other school income in determining the financial need of private schools because there are other major flaws in the model.

A major flaw is the assumption that the parents of students pay the school fees and other charges. This is demonstrably untrue. Many private school students have their fees at least partly paid by their grandparents. The funding model also ignores other income provided by grandparents such as money for house renovations, household assets such as whitegoods, furniture and IT equipment, cars, holidays and medical expenses that free up income to be spent on school fees. [Over 50% of parents help their adult children](#) with a variety of expenses including school fees. The Bank of Mum and Dad is reputed to be the [9th largest home lender in Australia](#). As a result of this direct and indirect financial support for families which is not recorded in adjusted taxable income, the capacity of private school parents to pay school fees is vastly under-estimated and private schools are massively over-funded by taxpayers.

Even apart from these flaws, the current funding model is over-funding many wealthy schools according to its own criteria. Private schools are supposed to be funded at 80% of its Schooling Resource Standard (SRS) by the Commonwealth Government and the remaining 20% by the Victorian Government. However, many of these exclusive schools are already hugely over-funded by the Commonwealth. For example, Melbourne Grammar was funded at 107% of its SRS in 2022 by the Commonwealth, Geelong Grammar was funded at 93% of its SRS, Scotch College at 92%, Caulfield Grammar at 86%, Wesley College at 89% and Ivanhoe Grammar at 99%.

The over-funding amounts for Melbourne Grammar was \$1.7 million, Geelong Grammar \$1.1 million, Scotch College \$0.7 million, Caulfield Grammar \$1.2 million, Wesley College \$1.6 million, and Ivanhoe Grammar \$2.5 million. The total over-funding for 30 of these private schools was \$35 million. Six schools were funded at slightly less than 80% in 2022 but will be funded at 80% in 2023. Figures for the other 8 schools could not be obtained.

The current funding model for private schools needs a complete overhaul. A new system should be governed by the principle that government funding for private schools should only fill the gap

between private income and a revised SRS. The base SRS should be set as the cost of highly successful public schools with minimum disadvantage. Funding for private schools should be conditional on meeting social obligations and education standards. Private schools whose private income is above the SRS should not receive government funding because it extends their resource advantage over public schools.

A significant first step towards this model would be to end all government funding for wealthy, exclusive high fee private schools. They don't need taxpayer funding. It is a complete waste and simply adds to their huge resource advantaged over public schools. It is funding that would be better used to support disadvantaged students and schools.

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Donations & Investment Income of Wealthy Private Schools, Victoria

School	Donations 2017-2021 (\$)	Investment Income 2017- 2021 (\$)	Total (\$)	Govt Funding 2020 (\$)	Fees per Student 2020 (\$)	C/W SRS Share 2022 (%)	Students in Top 2 SEA Quartiles (%)
Melbourne Grammar	26,679,820	16,501,702	43,181,522	8,186,472	29,216	107	95
Geelong Grammar	16,346,000	15,705,000	32,051,000	13,157,323	20,198	93	91
Scotch College*	30,153,645	1,231,815	31,385,460	7,385,441	31,407	92	97
Caulfield Grammar	10,398,468	6,590,370	16,988,838	19,195,304	26,943	86	83
Wesley College	10,324,060	485,552	10,809,612	32,325,016	28,412	89	93
Ivanhoe Grammar	1,706,069	8,875,659	10,581,728	14,151,917	24,453	99	90
Bialik College	8,074,774	2,109,778	10,184,552	10,597,346	15,147	83	94
Korowa	9,679,040	452,588	10,131,628	6,553,982	24,699	78	97
Xavvier College	10,042,020	60,504	10,102,524	8,751,003	29,532		94
MLC	6,419,760	2,452,214	8,871,974	17,174,697	29,797	98	97
Siena College	6,823,926	212,704	7,036,630	6,823,145	14,208		91
St Catherine's School	4,893,401	1,529,992	6,423,393	6,003,592	30,270	78	92
Lauriston	3,671,033	726,320	6,397,353	9,396,921	29,932	86	97
King David School	6,083,308	34,395	6,117,703	4,589,308	18,394	77	96
Haileybury	4,248,448	1,143,000	5,391,448	3,270,766	24,661	97	95
Brighton Grammar	4,520,698	714,390	5,235,088	10,677,426	24,403	100	87
Melbourne Girls Grammar	4,983,324	39,168	5,022,492	8,808,419	29,786	99	96
Huntingtower	3,201,791	1,427,418	4,629,209	5,155,817	18,402		96
Firbank	2,795,078	1,715,847	4,510,925	8,197,213	21,709	99	92
Carey Grammar	1,029,126	3,258,096	4,287,222	10,101,784	27,928	96	95
St Margaret's Berwick Grammar	3,336,828	680,983	4,017,811	7,242,832	19,665		87
Loreto Mandeville Hall	2,754,503	805,181	3,559,684	12,657,580	25,534		93
Toorak College	2,800,845	573,645	3,374,490	10,719,792	22,054	95	89
Fintona	2,577,568	771,890	3,349,458	2,447,481	35,757	83	95
Yesodei Hatorah College	2,194,928	906,055	3,100,983	3,288,934	4,872	80	82
PLC	1,828,496	1,188,041	3,016,537	8,533,528	25,886	79	97
Mount Scopus Memorial College	2,565,346	367,069	2,932,415	12,749,379	24,552	98	96
Geelong College	2,310,888	564,611	2,875,499	10,956,202	22,652	82	90
Ruyton*	1,840,950	878,025	2,718,975	4,104,880	24,340	91	96
Eltham College *	2,706,360	4,039	2,710,399	7,662,085	21,858	85	88
St Michaels Grammar	982,243	1,519,337	2,501,580	5,732,746	25,110	96	94
Strathcona	1,005,168	1,426,258	2,431,426	7,175,266	24,390	85	91
Ivanhoe Girls Grammar	152,606	2,275,841	2,428,447	7,904,213	22,310	98	92

School	Donations 2017-2021 (\$)	Investment Income 2017- 2021 (\$)	Total (\$)	Govt Funding 2020 (\$)	Fees per Student 2020 (\$)	C/W SRS Share 2022 (%)	Students in Top 2 SEA Quartiles (%)
Genazzano FCJ College	2,269,326	6,582	2,275,908	9,570,949	26,130		91
Penleigh & Essendon Grammar	462,337	1,775,869	2,238,206	29,339,681	15,737	115	92
St Leonard's College	1,959,000	259,000	2,218,000	13,827,847	26,171	117	95
Ballarat Grammar	1,220,063	929,288	2,149,351	22,409,280	12,536		81
Waverley Christian College	2,026,845	4,899	2,031,744	19,626,126	8,333	76	89
Mentone Grammar	1,319,853	643,786	1,963,639	10,386,945	22,338	104	90
Camberwell Girls Grammar	1,673,942	178,222	1,852,164	4,269,130	23,054	79	96
Sacre Coeur	1,081,123	691,118	1,772,241	4,224,205	21,214		94
Mentone Girls Grammar	1,584,287	155,590	1,739,877	9,121,122	22,520	97	93
Trinity Grammar	774,860	433,839	1,208,699	8,305,129	29,244	94	96
Camberwell Grammar	1,066,166	44,370	1,110,536	6,096,874	27,958	95	95
Total	214,568,320	84,350,050	298,918,370	483,855,098			

*Donations and investment income for 2017-2020

Sources:

Donations and Investment income: Australian Charities and Not-for-profit Commission

Government funding, fees, % of students in top 2 socio-educationally advantaged (SEA) quartiles: My School

Commonwealth Government share of the SRS: Budget Estimates 2021-22.