

# Private Income Policy



## Introduction

Schools are in receipt of Australian and Victorian government recurrent and capital funding. In addition to government funding, each MACS school is responsible for setting and managing its own fees and levies, remissions and concessions, collectively known as private income.

## Purpose

To establish how MACS primary and secondary, special and special assistance schools will set and manage tuition fees, levies, ad hoc charges and donations for local and full fee paying overseas students.

## Scope

This Policy applies to:

- MACS primary, secondary, special and special assistance schools
- MACS primary, secondary, special and special assistance school Principals, staff and external advisors involved setting and managing private income
- MACS Executive Director, Chief Financial Officer and staff involved with private income on behalf of MACS schools
- MACS primary, secondary, special and special assistance School Advisory Councils

## Definitions

Acronym   term	Full name and explanatory text
ATO	Australian Taxation Office
Business Manager	MACS secondary, special and special assistance school Business Managers
CECV	Catholic Education Commission of Victoria Limited
Delegate	A role or group (such as a Committee) with delegated authority under the MACS Financial Delegation Instruments
Delegation Instrument(s)	MACS Financial Delegation Instruments for primary, secondary, special and special assistance schools, as delegated by the MACS Board.
FFPOS	Full fee paying overseas students who are not funded by Australian or State recurrent grant funding
HCC	Health Care Card, an allowance provided by the State government to assist low-income families to meet the educational needs of their children. The proportion of HCC recipient students enrolled at a school is a measure of the school's 'need' or disadvantage.
MACS	Melbourne Archdiocese Catholic Schools Ltd. company.
MACS Board	Melbourne Archdiocese Catholic Schools Ltd. Board of Directors
Principal	MACS primary, secondary, special and special assistance school Principals

## Principles

Each MACS school is responsible for setting and managing its own fees, levies, concessions and remissions and for its own fee and levy collection and debtor management.

In recognition of the different capacity of families to contribute to the costs of education, government uses a Schooling Resource Standard funding model combined with a Capacity to Contribute model which is intended to account for the financial position of families. These are designed to fund the system according to need.

The CECV policy formula for allocating funding to Catholic schools also accounts for need. In addition, schools are provided with additional financial assistance for each HCC student, which enables them to offer fee remissions.

## Policy

### 1. Delegation to Set and Vary Fees

- 1.1 The MACS Board has delegated the power to set and vary fees and levies within set parameters.
- 1.2 Delegated specific powers to set and vary school fees and levies are detailed in the MACS primary and secondary, special and special assistance school Financial Delegation Instruments.

### 2. Setting School Fees and Levies

- 2.1 MACS recognises the significant contribution that individual schools make to the cost of education through the generation of private income.
- 2.2 Schools are obliged to set and vary fees according to criteria that represent a thorough and transparent assessment of the internal and external factors influencing costs and available recurrent grant funding.
- 2.3 FFPOS are not funded by Australian or State recurrent grant funding.
- 2.4 Fees for FFPOS should not be subsidised by recurrent grant or private income received for/from local students and should be set in accordance with Procedures point 1 of this Policy.
- 2.5 Schools should ensure that information regarding the school's fees and levies is accessible in a variety of ways, including the school website.
- 2.6 The school's communication/strategy plan should make provision for the development and review of strategies for the dissemination of information about its fees and levies.

### 3. Ad Hoc Charges

- 3.1 From time to time, schools may run activities or require the purchase of items that enhance or broaden the student's schooling experience.
- 3.2 These activities or items are offered as additions to the standard curriculum.
- 3.3 Students may access these activities or items on a user pays basis, with a resultant ad hoc charge.
- 3.4 Ad hoc charges may include non-curriculum based school events, optional excursions and camps, optional sporting or music programs and materials that do not relate to the standard curriculum.

#### **4. Fee Remissions and Concessions**

- 4.1 MACS schools are expected to provide fee remissions/concessions to families in need, including students who hold an HCC.
- 4.2 The MACS Board has delegated the power to provide fee remissions and/or concessions.
- 4.3 Delegated specific powers to provide fee remissions and/or concessions are detailed in the MACS primary and secondary, special and special assistance school Financial Delegation Instruments.
- 4.4 Primary schools should refer to the MACS Primary School Concessional Fee Policy and the MACS Primary School Financial and Administrative Procedures Manual, Chapter 8 for further information.

#### **5. Invoicing Fees and Levies**

- 5.1 Each school is responsible for setting its own invoicing cycle and invoicing throughout the school year.
- 5.2 Schools are to make every effort to help families understand their obligation to pay fees and levies.

#### **6. Donations**

- 6.1 Schools may receive donations in a variety of ways including donations to specific purpose Funds, such as the School Building Fund, Library Fund and Scholarship Fund, or directly to the School.
- 6.2 When the Fund is registered as a Deductible Gift Recipient with the ATO, donations made of \$2.00 or more to the School Building Fund, Library Fund and Scholarship Fund are tax deductible.
- 6.3 Donations to the school are not tax deductible.

## **Procedures**

Private income procedures are detailed at Appendix 1 of this Policy.

## **Related Policies**

MACS Financial Reporting and Controls Policy  
MACS Primary School Concessional Fee Policy

## **References**

N/A

<b>Responsible director</b>	MACS Executive Director
<b>Policy owner</b>	MACS Director, Finance and Infrastructure Services
<b>Approving body/individual</b>	MACS Board of Directors
<b>Approval date</b>	12 May 2021
<b>Date of next review</b>	September 2023 (for an effective date of 1 January 2024)

<b>POLICY DATABASE INFORMATION</b>	
<b>Related documents</b>	Appendix 1 Private Income Procedures MACS Primary School Financial and Administrative Procedures Manual– Chapter 8 MACS Primary School Financial Delegation Instrument MACS Secondary, Special and Special Assistance School Financial Delegation Instrument
<b>Superseded documents</b>	CEM Policy 2.27 School Fees
<b>New policy</b>	N/A

## Appendix 1

### Private Income Procedures

#### 1. Setting and Varying Schools Fees and Levies

- 1.1 School fees and levies should be reviewed and set annually in line with the school's budget cycle, in sufficient time to advise school families of the following year's fees and levies
- 1.2 When setting school fees and levies, schools should consider recurrent fees and levies to assist in meeting the operating expenses of the school, capital fees to assist in the purchase of assets and/or repayment of loans for capital purposes and fee discounts for families with more than one child enrolled at the school.
- 1.3 Where the school accepts enrolment of FFPOS, separate fees and levies should be set for FFPOS at a minimum of local student fees, plus Australian and State government funding amounts and other overhead costs relating to FFPOS, as a minimum base fee. Primary Schools should refer to the MACS Primary School Financial and Administrative Procedures Manual, Chapter 8 for further information.
- 1.4 Approval of setting or varying primary school fees and levies that are:
  - 1.4.1 within a  $\geq+2\%$  to  $\leq+5\%$  increase on the prior year can be approved by the Principal
  - 1.4.2 within  $<+2\%$  or  $>+5\%$  increase on the on the prior year must be approved by the Principal and the MACS Chief Financial Officer.
- 1.5 Approval of setting or varying secondary school fees and levies that are:
  - 1.5.1 within a  $\geq+2\%$  to  $\leq+5\%$  increase on the prior year need to be approved by both the Principal and the Business Manager
  - 1.5.2 within  $<+2\%$  or  $>+5\%$  increase on the on the prior year must be endorsed by the Business Manager and the Principal and approved MACS Chief Financial Officer.
- 1.6 Approval of setting or varying fees and levies by the appropriate delegates should be retained in writing.
- 1.7 Once set for the school year, school fees and levies may be varied on as 'as required' basis.
- 1.8 Varying school fees and levies should occur only in exceptional circumstances.
- 1.9 The School Advisory Council should be informed when fees and/or levies are set or varied.

#### 2. Billing Fees, Levies and Fee Concessions/Remissions

- 2.1 The Principal is the approved delegate for approval of fee concessions or remissions. Approval must be documented in writing.
- 2.2 Fee and levy billing and application of fee concessions/remissions should be processed wholly within the school's accounting system, in accordance with the school's billing cycle.
- 2.3 Where authorised by the Principal, fee concessions/remissions may also be applied subsequent to billing.
- 2.4 Fees and levies should be billed in full for all students, with any fee concessions or remissions applied to the full fee or levy charged.

- 2.5 Primary schools should follow the procedures detailed in the MACS Concessional School Fee policy to determine appropriate fee concessions or remissions.
- 2.6 Secondary school fee concessions and remissions are made at the discretion of the Principal.
- 2.7 Fees, levies, concessions and remissions should be reconciled at each billing cycle to ensure completeness of billing.
- 2.8 Discrepancies in completeness of billing and/or resultant expected income should be promptly investigated and addressed.
- 2.9 Schools should reconcile their debtor's ledger to the general ledger debtor's account on a monthly basis and promptly investigate and address any discrepancies, in accordance with the MACS Financial Reporting and Controls Policy.
- 2.10 MACS primary school debtor reconciliations can be completed and approved by MACS Shared Services Centre, where utilised, in accordance with the Financial Delegation Instruments.
- 2.11 Evidence of reviewed and approved monthly debtor, fee and levy reconciliations should be maintained for perusal by external auditors and other authorised organisations.

### **3. Ad Hoc Charges**

- 3.1 If the school deems a camp, excursion, activity or other item is optional and it is not part of the standard curriculum program, families will need to pay the camp, excursion, activity or other item cost if their child is to participate.
- 3.2 Schools may charge families for all costs of an optional camp, excursion or activity including the cost of transport, food, entry fees and accommodation for their child and any teacher(s) attending the optional camp, excursion or activity.
- 3.3 Schools may also charge for the cost of a Casual Relief Teacher who is engaged for the purpose of supporting the optional camp, excursion or activity, however, schools cannot charge families for the salaries of school teaching staff attending the optional camp, excursion or activity.
- 3.4 Where the charge is for an item, schools may charge families for the purchase price of the item including the cost of any delivery or associated fees.
- 3.5 Ad hoc charges may be charged through the issue of a separate invoice for payment before the event takes place or the item is provided, or added to the family's account for payment with the next tuition fee instalment, at the Principal's and/or Business Manager's discretion.
- 3.6 Where schools elect to add ad hoc charges "on account" for payment with the next tuition fee instalment, the risk of non-payment after the optional ad hoc camp, excursion, activity or other item has taken place/been provided needs to be assessed and considered as part of the invoicing decision making process.

#### 4. Donations

- 4.1 Schools may receive donations in a variety of ways including donations to specific purpose Funds, such as the School Building Fund, Library Fund and Scholarship Fund, or directly to the School.
- 4.2 Donations to the School Building Fund, Library Fund and Scholarship Fund must be:
  - 4.2.1 issued an ATO compliant receipt by the named Fund
  - 4.2.2 banked directly to the named Fund
  - 4.2.3 permanently set aside for the specific purpose that related to the named Fund
  - 4.2.4 only expensed when monies from the named Fund are transferred back to the school
  - 4.2.5 not expensed directly from the Fund
  - 4.2.6 coded in line with the 'CECV Notes to the AFS' issued annually
  - 4.2.7 treated in accordance with all aspects of the MACS School Building Fund, Library Fund and Scholarship Fund policies
- 4.3 Donations \$2.00 and above made to the School Building Fund, Library Fund and Scholarship Fund are tax deductible when the Fund is registered as a Deductible Gift Recipient with the ATO.
- 4.4 Donations directly to the school are not tax deductible.
- 4.5 Donations to the school must be:
  - 4.5.1 issued a receipt in the school's name
  - 4.5.2 banked directly to the school's general bank account
  - 4.5.3 coded to 'donations for recurrent purposes' in the AFS
  - 4.5.4 expensed in line with the donor's stated wishes, where these are expressed.