

For Immediate Release:

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## **Easing the pressure of increasing independent school fees and costs**

With more than one million young Australian students enrolled in over 2,000 non-government schools [1], managing the payment and collection of school fees and costs effectively and conveniently is emerging as a major education issue for schools and parents.

In the midst of a more promising, yet still uncertain financial landscape, parents can expect school fee increases of a further 6-8 per cent in 2010 according to the Australian Scholarships Group (ASG) and its subsidiary, School Plan Management, which monitors independent school fees.

The 2009 school year brought unprecedented reports of schools' increasing use of debt collectors as a last resort to collect school fees from parents under pressure to make ends meet.

Both independent schools and parents are set to experience more pressure under these conditions as they try to manage the collection and payment of independent school fees and costs.

"Parents and independent schools are likely to face similar challenges in the 2010 school year unless they both explore better ways to manage school fees and costs," ASG's General Manager, Warwick James said.

One part of the issue is the prevailing culture within many schools that continue to bill for fees and other costs in a lump sum, and in some schools, well before the school year begins.

"Schools are beginning to catch up with the concept of allowing parents to spread the payments for ever-increasing school costs over the course of the year just like the payments for so many other services are managed, such as rent, the home mortgage, utility payments, and various insurances," Mr James said.

"Payment plans for independent school costs won't help parents find money they haven't got, but it gives them a fighting chance to better manage their household income by planning and budgeting.

"We know some parents sacrifice most of their discretionary spending when it comes to paying independent school costs because ASG's research shows that parents are prepared to make sacrifices to educate their children. They'd rather go without holidays and cut back on other expenses, even take on extra work, or return to the workforce – so that their children's education doesn't suffer," Mr James explained.

ASG, a not-for-profit friendly society specialising in education planning for more than 35 years, is well-known for its unique, convenient, and proven Education Program that helps parents provide education opportunities for their children.

ASG also offers a number of education and community initiatives that support children's education, including ASG's School Plan service, a payment plan for managing school fees and costs that has grown around 10 per cent from 2008 to 2009 in terms of memberships, student numbers and average fees paid per student. The total school costs amount funded has grown by more than 20 per cent in the same period, with more than \$25 million in school fees and costs funded for the 2009 financial year.

Mr James cautioned: "ASG's School Plan doesn't replace saving for education, rather it helps to manage school costs as they are incurred".

"ASG encourages parents to begin saving for their children's education as soon as possible after the birth of a child. ASG's School Plan provides another dimension of assistance to parents who want to provide education opportunities for their children, and it helps schools to manage school fee collection, hopefully, without resorting to debt collectors," Mr James explained.

**Benefits of ASG's School Plan for schools:**

- Schools can enhance their cash flow – ASG's School Plan pays the students' school costs in full directly to the school by the due date.
- No administration or debt management.
- No cost to the school.
- No obligation from the school.
- Detailed payment reporting.

**Benefits of ASG's School Plan for families:**

- Hassle free and convenient – families can spread school costs over instalments rather than pay them in a lump sum.
- Families can pay fees and costs on time and qualify for any early bird fee payment discounts offered by the school.
- Manage most school fixed costs – tuition fees/levies; boarding fees, camp fees and building fund donations or extra curricular activities such as music lessons.
- Families know their commitments.
- Co-contribution enables the monthly instalments to be split between two members, enabling separated parents or grandparents, to co-contribute to a child's school fees.

**Two options for spreading school fee payments:**

- ASG's School Plan offers two options – *School Plan* and *School Plan Plus*. The standard option allows parents to pay monthly instalments towards school fees by direct debit from a bank account from a small fee of 3.95 to 4.45 per cent (depending on the amount of fees).
- ASG's School Plan Plus allows families to have their monthly instalments deducted from a credit card – this has proved useful for families who want a buffer between their day-to-day cash needs and their expenses. Families can even earn reward points; depending on the type of card they use from a small fee of 5.45 to 5.95 per cent (depending on the amount of fees).
- ASG's School Plan Plus also offers a level of income protection, with cover in the event of the main income earner being involved in an accident that causes permanent injury or worse.

**ASG Facts:**

ASG is currently helping more than 208,000 Member parents plan for their children's education. In the past financial year, more than 51,000 students had their secondary or post-secondary education supported by ASG. For more information about ASG and its Education Program, as well as ASG's School Plan service, visit [www.asg.com.au](http://www.asg.com.au). Please direct phone enquiries regarding ASG to 1800 648 945 or ASG's School Plan to 1800 337 419.

**References:**

- [1] Independent Schools Council of Australia (ISCA), Statistics - Full-time Enrolments by Sector and level of Schooling 1993-2008 ([www.isca.edu.au/html/stats/school\\_stats3a.htm](http://www.isca.edu.au/html/stats/school_stats3a.htm)) and Number of Schools in Australia by Sector and Type 1990-2008 ([www.isca.edu.au/html/stats/school\\_stats2a.htm](http://www.isca.edu.au/html/stats/school_stats2a.htm)), sourced from the Australian Bureau of Statistics (ABS).

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