

Friday 19 January, 2018

The cost of education growing faster than average wages

The cost of education in New Zealand has soared 42 per cent in the past decade, almost double the 22 per cent rise in wage growth in the same period, according to exclusive research released today.

The ASG Planning for Education Index, which is independently verified by foreseechange (Melbourne) and based on more than 2,000 responses, discovered for a child born in 2018, the estimated cost of a private education across New Zealand is \$360,074¹. The forecast cost of a state integrated education could cost parents \$102,730 per child, while the estimated cost of a state education is \$38,227.

The estimated cost of a private education across New Zealand has soared by 42 per cent or \$106,267 in the past 10 years. The cost of a state integrated education has jumped by 30 per cent or \$23,439. The estimated cost of a state education has climbed by 13 per cent or \$4,451 since 2008.

On a positive note, while education costs continue to rise, the rate of increase has declined relative to last year for state integrated and state education. As a result, a drop in the forecast cost of education has been noted in both these sectors. The forecast cost of a state integrated education has fallen by \$6,624 compared to last year.

The fall in the forecast cost of education has been heavily influenced by slower price rises within secondary and primary education.

ASG's COO Bruce Hawkins says the cost of education has risen at more than double the rate of inflation over the past 10 years and has outstripped the growth in wages over the same period.

"In the past decade the cost of education has grown markedly by 42 per cent compared to the average growth rate in wages of 22 per cent. This means that education costs are demanding a far greater share of the family wallet than in the past, placing more burden on the average family, already challenged by the rising cost of living.

"It is pleasing to see that low inflation is having a positive impact on costs for state and integrated schools, but I must emphasise, the actual costs associated with sending your child to any school in New Zealand continues to increase each year."

School fees continue to be a major education expense, but many parents fail to appreciate the additional expenses associated with funding a child's education. This includes extracurricular activities, computers, travel expenses, uniforms, school excursions and camps.

Based on more than 2,300 responses the ASG Planning for Education Index forecasts parents who plan to educate a child in the private school system over 13 years, could pay \$54,784 for other non-fee education costs. This is significantly more than parents with children at state integrated schools (\$39,614) and state schools (\$29,330).

¹ These figures have been rounded and are provided as a guide only. ASG cannot guarantee that they will represent the actual costs of education for a particular child.

In comparison to Australian parents, New Zealand families don't have to dig as deep into the family budget with Australian parents paying a premium for 13 years of schooling across state and private sectors.

The ASG Planning for Education Index reveals for a child born in 2018, Australian parents could pay almost double (90 per cent), or an extra \$34,501², to send their child to a government school in metropolitan Australia. The difference in the forecast cost of a private education between the two countries is 45 per cent, with Australian parents expecting to pay \$161,200 more than New Zealand parents.

ASG member Mele Kautoke sends her three children (Vaiola, Year 5), (Filomena Year 4), (Alfred, Year 1) to a Catholic primary school. She says hard to keep up with the costs of education and other living expenses despite her and her husband both working full time.

"We're constantly behind in school fees, because we're also paying kindy fees for Matthias (2 years old). So with four children to put through Catholic school, it's a constant battle and there's not much assistance for middle to high income families. Sometimes it feels like treading water, although it's a necessary evil, as is shelter, food, water and power, so it's just another thing you have to keep on top of.

"Our children don't do as many extracurricular activities as we'd like them to and we've never been able to put them into swimming lessons because it's just too expensive. But they're involved in hip hop classes and rugby, which is more affordable and Vaiola has guitar lessons which is about \$300 per term.

"The secondary school we're planning to send our children to list iPads as a requirement for students, so just as we'll be recovering financially from one starting high school it'll be time for the next one to start."

Bruce Hawkins says, "The research reveals a child's education is one of the most significant investments a family could make. If you have three children, the cost of educating them in New Zealand's private education system could top \$1 million. That's significantly more than the purchase price of the average family home in many parts of the country.

"The index also debunks the myth, a state education is a free education, with the latest figures showing New Zealand families could spend on average \$38,227 per child on a so-called, free education.

"ASG advocates parents use a disciplined approach by putting a few dollars aside each week, so they can financially afford to meet their children's educational goals and aspirations," says Mr Hawkins.

For more information about ASG call 09 366 7670 or visit www.asg.co.nz

Summary of total education costs for a child born in 2018

	State	State Integrated	Private
National	\$38,227	\$102,730	\$360,074

² Australian figures are shown in NZD

Estimated average costs to educate a child born in 2008 and 2018 across New Zealand

	2008	2018	%
State	\$33,776	\$38,227	13
State Integrated	\$79,291	\$102,730	30
Private	\$253,807	\$360,074	42

Editor's notes

ASG conducts the ASG Planning for Education Index annually, asking parents to estimate education costs, which cover preschool, primary and secondary schools in New Zealand. Cost estimates are based on more than 2,300 responses collected by ASG.

ASG offers a range of scholarship plans, which provide families with a tax effective means of saving for future education costs.

ASG is a member owned organisation, helping to create educational opportunities for children. ASG has been helping families and their children for more than 40 years. During this time, more than 540,000 children have been enrolled with ASG and more than \$2.9 billion in education benefits and scholarship payments returned to members across Australia and New Zealand. For more information visit: www.asg.co.nz

Media contact

ASG COO, Bruce Hawkins is in New Zealand on Thursday 18 January and available for interview in person and by phone.

For further information or to arrange an interview Bruce Hawkins or an ASG member family please contact:

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