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Melbourne – Australia's most expensive capital for a government education

Melbourne is Australia's most expensive city for a government education, according to exclusive research released today.

Despite the forecast cost of a government education falling \$2,108 compared to last year, the ASG Planning for Education Index predicts Melbourne parents could spend \$75,263¹ for a child born in 2018. This is 13 per cent above the national metropolitan average (\$66,320), and \$33,525 more expensive than Hobart, home to Australia's most affordable government education.

The index showed a similar result for parents considering the private school system for their children, with Melbourne forecast to be the nation's second most expensive capital for a private education.

Unlike every other capital city, the price of a private education in Melbourne rose (\$168) to \$536,683, \$61,341 above the national metropolitan average and second only to Sydney (\$547,414). The index also found the forecast cost of a private education in Melbourne is \$168,110 more expensive than Brisbane (\$368,573).

However, the ASG Planning for Education Index did reveal Melbourne (\$223,318) is one of the nation's most affordable cities for a faith-based education², with the projected cost falling \$1,230 in the past year. The Victorian capital is second only to Hobart (\$188,742) as Australia's most affordable city for a faith-based education. This is \$17,361 below the national metropolitan average and \$28,548 cheaper than Brisbane (\$251,866), home to Australia's most expensive faith-based education.

The forecast fall in the cost of education in Melbourne faith-based and government school systems, was heavily influenced by slower prices within secondary education. However, the overall cost of education has skyrocketed 61 per cent in the past decade, dwarfing the 34 per cent rise in wage growth in the same period.

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, including extracurricular activities, computers, travel expenses, uniforms, school excursions and camps.

Based on more than 13,500 responses, the ASG Planning for Education Index forecasts Melbourne parents who plan to educate a child in the private school system over 13 years could pay \$55,311 for other non-fee education costs, more than parents with children at faith-based schools (\$49,511) and government schools (\$46,713).

Melbourne parents Richard and Mandy Dennehy say it'll probably cost them around \$100,000 by the time their two children graduate from a government high school.

Richard says, "It's a significant figure. We live a reasonably comfortable life but we don't own our house, so it's money we have to go out and earn. Emily (Year 10) has done

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.

² A faith-based education includes religious schools e.g. Catholic, Anglican, Uniting Church, Buddhist, Islamic or Hindu.

three types of dancing in the past 10 years and it's been a significant cost of about \$10,000. This year she also needs a laptop and this'll cost between \$700-\$1,200. But we might buy her a better laptop with the latest features because our ASG benefit payment came through."

Mandy says, "James (Year 8) has only just started high school so we're not sure what's in store for us. He is quite interested in photography and I know cameras can be expensive. James' love of gadgets comes from his father but unlike his father, James always wants the brand names."

Richard and Mandy say that once they set up the ASG education funds, they had regular money coming in, at the right time to help pay for uniforms and computers. "That money was there and we didn't have to worry about putting it on the credit card or finding it."

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

"The cost of education has soared by 61 per cent compared to the average growth rate in wages of 34 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.

"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 education at a Melbourne private school could top \$1.6 million. That's significantly more than the purchase price of the average family home.

"The index also debunks the myth, a government education is a free education, with the latest figures showing Melbourne families could spend on average \$75,263 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.

Independent statistician and Managing Director of foreseexchange, Charlie Nelson says it's unlikely parents will feel the fall in the forecast cost of education.

"Households are in the midst of a double whammy. Wages are stubbornly growing by less than two per cent a year, while essentials like electricity and motor fuel are rising faster than inflation.

"With less discretionary money to spend, it's going to be very hard to pay for the costs of education, which means parents who have saved will be in a better position in the long run."

For more information about ASG call 131 ASG (131 274) or visit www.asg.com.au

Summary of total forecast education costs for a child born in 2018

| | Location | Public | Faith-based | Private |
|-------------------------------------|--------------|----------|-------------|-----------|
| National | Metropolitan | \$66,320 | \$240,679 | \$475,342 |
| | Regional | \$50,641 | \$176,554 | \$347,572 |
| Australian Capital Territory | Metropolitan | \$50,145 | \$234,975 | \$424,844 |
| New South Wales | Metropolitan | \$71,614 | \$251,143 | \$547,414 |
| | Regional | \$52,369 | \$173,304 | \$357,530 |
| Queensland | Metropolitan | \$58,352 | \$251,866 | \$368,573 |
| | Regional | \$50,757 | \$198,012 | \$366,298 |
| South Australia | Metropolitan | \$60,722 | \$246,702 | \$374,147 |
| | Regional | \$47,316 | \$188,745 | \$251,705 |
| Tasmania | Metropolitan | \$41,738 | \$188,742 | \$431,473 |
| | Regional | \$50,687 | \$176,035 | \$359,961 |
| Victoria | Metropolitan | \$75,263 | \$223,318 | \$536,683 |
| | Regional | \$51,899 | \$163,583 | \$381,184 |
| Western Australia | Metropolitan | \$54,766 | \$235,017 | \$401,191 |
| | Regional | \$44,280 | \$142,320 | \$277,694 |

A very small number of responses were received from the Northern Territory in the most recent survey. As such, the provision of cost estimates for the Northern Territory in isolation would be highly unreliable and therefore have not been included. It is recommended that those in the Northern Territory refer to the national figures or the figures for adjoining states as a basis for planning. These estimated costs are provided as a guide only and ASG cannot guarantee that they will represent the actual costs of education for a particular child.

Estimated average costs to educate a child born in 2008 and 2018 across metropolitan Australia

| | 2008 | 2018 | % |
|--------------------|-----------|-----------|-----|
| Government | \$53,756 | \$66,320 | 23% |
| Faith-based | \$156,104 | \$240,679 | 54% |
| Private | \$295,214 | \$475,342 | 61% |

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 Australia. Cost estimates are based on 13,500 responses collected by ASG.

ASG offers a range of education scholarship plans, which provide families with a tax effective means of saving for future education costs. ASG also offers families with a payment service that takes the financial pressure off parents, families and guardians. It allows them to pay school fees, and other education related expenses as billed by the school in manageable instalments over the year.

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 \$2.8 billion in education benefits and scholarship payments returned to members.
For more information visit: www.asg.com.au

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