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National - The cost of education growing faster than average wages

The cost of education has soared 61 per cent in the past decade, dwarfing the 34 per cent rise in wage growth in the same period, according to exclusive research released today.

The ASG Planning for Education Index discovered for a child born in 2018, the estimated cost of a private education across metropolitan Australia is \$475,342¹. The forecast cost of a faith-based education² is \$240,679 per child, while the estimated cost of a government education is \$66,320.

The estimated cost of a private education across metropolitan Australia has skyrocketed 61 per cent or \$180,128 in the past 10 years. The cost of a faith-based education has jumped 54 per cent or \$84,575, while the estimated cost of a government education has climbed 23 per cent or \$12,564 since 2008 according to ASG's data.

The ASG Planning for Education Index revealed Sydney (\$547,414) is the most expensive city in Australia to educate a child in the private school system, 15 per cent above the national metropolitan average (\$475,342).

The survey revealed Brisbane is Australia's most affordable city for a private education (\$368,573), \$106,769 cheaper than the national metropolitan average. However, Brisbane (\$251,866) is also home to Australia's most expensive faith-based education, being \$11,187 more than the national metropolitan average (\$240,679).

Melbourne (\$75,263) is Australia's most expensive city for a government education according to the exclusive ASG research, 13 per cent above the national metropolitan average (\$66,320).

On a positive note, while education costs continue to rise, the rate of increase has declined relative to last year, heavily influenced by slower prices within secondary education. As a result, there has been a drop in the forecast cost of education for private and government education. The forecast cost of a private education has fallen by \$11,751 compared to last 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 13,500 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 \$54,940 for other non-fee education costs, more than parents with children at faith-based schools (\$47,950) and government schools (\$43,442) across metropolitan Australia.

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.

The index also discovered Victoria as Australia's most expensive regional area to educate a child in the private school system, with parents forecast to spend \$381,184, 10 per cent above the national regional average.

The ASG Planning for Education Index revealed regional Queensland has Australia's most expensive faith-based regional school system, with parents forecast to spend \$198,012 or \$21,458 more than the national regional average (\$176,554).

New South Wales (\$52,369) is home to the most expensive regional government education, \$8,089 more expensive than Australia's most affordable region, Western Australia (\$44,280) and \$1,728 more than the national regional average (\$50,641) according to the research.

ASG member Daven Timms says by the time his three children finish high school he would have easily spent around \$156,000 just on their extracurricular activities.

"Our children (Eve, Year 11), (Eden, Year 9) and (Sierra, Year 6) all attended public primary schools, which offered an excellent education. But when we moved Eve and Eden over to Barker College in Hornsby, there was a significant cost increase in fees in addition to the continuing cost of extracurricular activities.

"We've put the kids through dance, swimming, piano and little athletics, and two are now involved in school bands. These extracurricular activities along with the musical instruments are expensive and Eve is also a competitive rower. But our kids have all developed their resilience, determination and endurance as a result of the activities.

"We couldn't have done it without ASG, and we put money away into different funds to meet their secondary school expenses and for when they go to university. The returns are coming in now and it really helps because of the tax advantages."

ASG COO Bruce Hawkins says 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.

"In the past decade 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 educating them in Sydney or Melbourne's private education system 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 Australian families could spend on average \$66,320 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 foresechange, 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

Media contact

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

David McHugh
Clout PR & Content
0455 225 688
david@cloutpr.com.au

Nicole Gundi
ASG
0448 167 578
ngundi@asg.com.au