

NAB EDUCATION PULSE CHECK SURVEY

WHAT ARE INDEPENDENT SCHOOLS MOST CONCERNED ABOUT & HOW ARE THEY RESPONDING TO COVID-19?



NAB Behavioural & Industry Economics

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As schools around the country prepare to transition back to face-to-face learning, this report provides a timely pulse check of the key concerns of the independent schools sector. Insights have been gleaned through the interactions of NAB's specialist education bankers with their school customers. The report explores how independent schools have responded to Coronavirus and how receptive they were to the Federal Government's initiative bringing forward funding payments. What emerges is a complex picture.

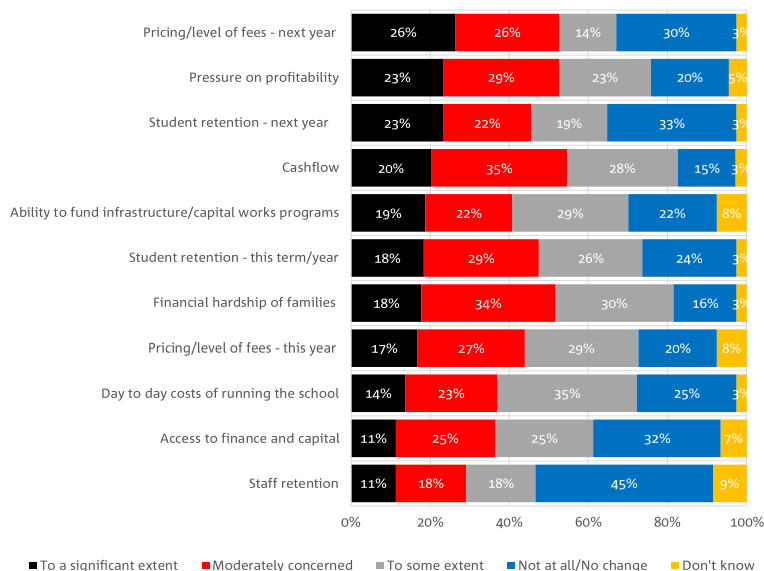
NAB education bankers identified cashflow and financial hardship of families as the main concerns for over 80% of their school customers, followed by pressure on profitability (76%). That said, they believed cashflow and hardship were 'significant' concerns for only 16% and 20% of schools respectively. Importantly, the areas where most schools were 'significantly' concerned were pricing/level of fees over the next year (26%), pressure on profitability (23%) and student retention next year (23%). Bankers believe staff retention is causing least concern for schools, with almost 1 in 2 (45%) 'not at all' concerned. Around 1 in 3 schools were also 'not at all' concerned about student retention next year (33%), access to finance and capital (32%) and pricing/level of fees next year (30%).

It is particularly encouraging that by far the biggest response by independent schools to Coronavirus witnessed by bankers has been their commitment to retaining students whose families can no longer afford to pay - with all schools committing in some way and more than half 'to a significant extent'. Other 'significant' responses to the virus include increasing investment in tech connectivity, where over 1 in 2 schools have responded to a 'significant' extent. Around 43% of schools have also implemented cost savings measures to a 'significant' extent. A little over one-third of schools have also had to lay off non-essential staff to a 'significant' extent. In this environment, it is not surprising that around 8 in 10 schools have been talking to NAB about their finance needs and strategy.

Finally, while just under 1 in 2 independent schools (46%) were receptive to applying for their funding payments to be brought forward by the Federal Government if they open for physical learning in Term 2, just 16% were receptive to a 'significant' extent. Around 52% of schools were 'not at all' receptive.

Thinking about your school customers, how would you rate their levels of concern for each of the following?

LEVEL OF CONCERN OVER THE FOLLOWING



Overall, 8 in 10 schools have expressed some level of concern over cashflow (83%) and financial hardship for families, but only 20% and 18% respectively highlighted these as 'significant' concerns.

Instead, around 1 in 4 schools were 'significantly' concerned about pricing/level of fees next year (26%), pressure on profitability (23%) and student retention next year (23%).

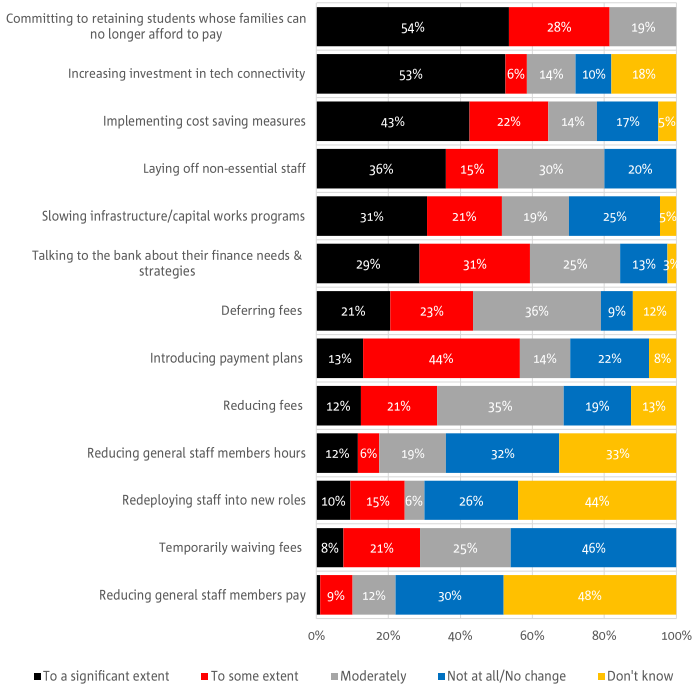
But 33% of schools are also 'not at all' concerned about student retention next year, 30% pricing/level of fees next year and 20% pressure on profitability.

NAB Bankers also indicated around 1 in 5 schools were ‘significantly’ concerned about cashflow (20%), ability to fund infrastructure or capital works programs (19%), student retention this term/year (18%) and financial hardship of families (18%).

The area causing the least concern was staff retention, where almost 1 in 2 schools (45%) were ‘not at all’ concerned. Around 1 in 3 10 schools were also ‘not at all’ concerned student retention next year (33%), access to finance and capital (32%) and pricing/level of fees next year (30%).

On balance, to what extent have your school customers responded to Coronavirus by doing the following?

EXTENT SCHOOL HAS RESPONDED TO CORONAVIRUS IN THE FOLLOWING WAYS



Overall, the biggest response by independent schools to Coronavirus has been committing to retaining students whose families can no longer afford to pay. NAB bankers said all their school customers had responded to this either ‘to some extent’ (28%), ‘moderately’ (19%) or ‘to a significant extent’ (54%).

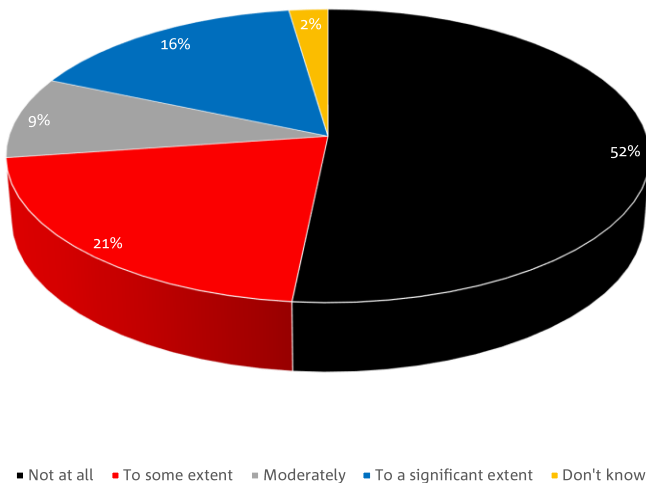
Other areas where schools had responded most were talking to the bank about their finance needs and strategy (84%) and laying off non-essential staff (80%) - although only 29% and 36% respectively had responded to a ‘significant’ extent.

The most intense Coronavirus response has been committing to retaining students whose families can no longer afford to pay (54%) and increasing investment in tech connectivity (53%), where over 1 in 2 schools have responded to a ‘significant’ extent. Around 43% of schools have also implemented cost savings measures to a ‘significant’ extent.

Almost 1 in 2 (46%) schools however have ‘not at all’ committed to temporarily waiving fees and almost 1 in 3 to reducing general staff members hours (32%) or their pay (30%).

The Federal Government has recently announced that independent schools could apply for their funding payments to be brought forward if they open for physical learning in Term 2. Based on your interactions with your school customers how receptive are they to this incentive?

EXTENT SCHOOLS ARE RECEPTIVE TO GOVERNMENT FUNDING INITIATIVE



Just under 1 in 2 independent school customers (46%) were receptive to applying for their funding payments to be brought forward by the Federal Government if they open for physical learning in Term 2, according to our bankers. Around 16% were receptive to a ‘significant’ extent, 21% to ‘some’ extent and 9% ‘moderately’.

Over 1 in 2 (52%) were ‘not’ at all receptive.

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