

NAB EDUCATION INSIGHTS

PART 2: DO AUSTRALIANS PLAN AHEAD FOR PRIVATE SCHOOL FEES, HOW ARE THEY FUNDED & USAGE OF PRIVATE TUTORS?



NAB Behavioural & Industry Economics

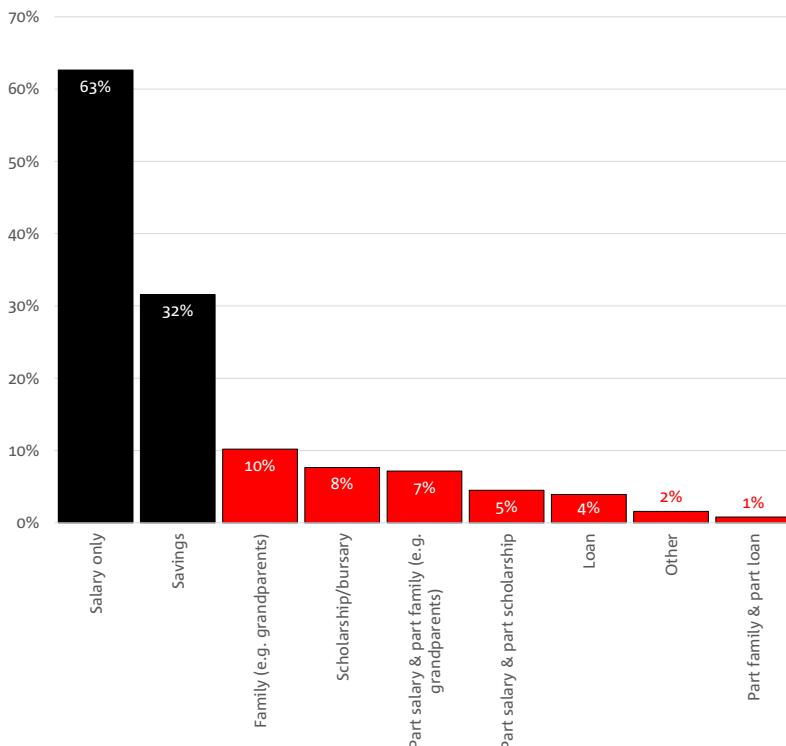
June 2022

AROUND 2 IN 3 AUSTRALIANS FUND PRIVATE EDUCATION WITH SALARY ALONE. ALMOST 1 IN 2 DO NOT PLAN AHEAD FOR FEES. 1 IN 4 PRIVATE SCHOOL STUDENTS ALSO USE PRIVATE TUTORS.

One of the bigger decisions a parent will make in regard to their children involves their education. A growing number of parents are choosing to educate their children privately. Predictions many would withdraw their children from private schools because of the financial pressures caused by COVID-19 have fallen flat, with enrolments actually increasing since the pandemic. By the time they reach secondary school, around 1 in 5 children will be educated in the private system.

In **Part 2** of this special **NAB Education Insight** series, over 1,000 parents and grandparents (who sent or are planning to send their children/grandchildren to a private school), share their views and experiences in regards to funding private education, planning ahead for school fees and the usage of private tutors. Most parents do not plan ahead for the cost of private education and rely on their salary to fund it. Less than 1 in 2 planned/are planning ahead for private school fees, with around 2 in 3 having funded (or will fund) their children's private education from their salary alone. Significantly more people earning less than \$100,000 p.a. (around 4 in 10) relied on their savings to pay for their children's education. More than twice as many people in the 18-29 group plan to fund their child's education with a scholarship or bursary. Around 1 in 4 private school students also receive private tuition outside of the school system, adding to the overall cost. Those receiving private tuition rises steadily with income (2 in 10 in the lowest income group doubling to almost 4 in 10 in the highest group). 1 in 3 Australians also believe private education represents "excellent" value for money.

HOW WILL EDUCATION BE FUNDED



Around 2 in 3 (63%) survey respondents said their children's private education was (or will be) funded from their salary alone, and around 1 in 3 (32%) from savings. Just 1 in 10 (10%) funded their education with the help of family (e.g. grandparents), and slightly less with a scholarship or bursary (8%) or a mixture of part salary and part family (7%).

Around 1 in 20 are funding their children's education using part salary and part scholarship (5%), or with a loan (4%). Other means (such as superannuation) were used by 2% of respondents, with just 1% relying on part family and part loan.

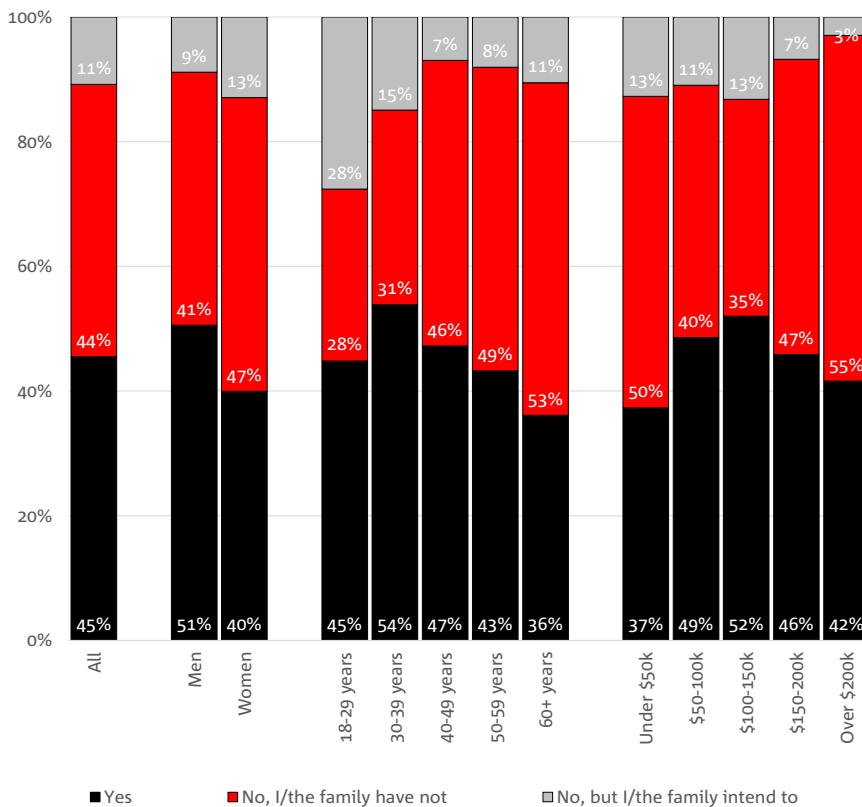
By age, 2 in 3 people aged between 30-59 used their salary alone, compared to 48% in the 18-29 group. The 18-29 (48%) and 30-39 (40%) age groups were more reliant on their savings. Significantly more people in both these age groups, along with those over 60, also said they relied on family to fund their education. More than twice as many people in the 18-29 group (21%) said they had funded (or planned to fund) their child's education with a scholarship or bursary.

By income, the biggest discrepancies were relying on salary alone and savings. Around 8 in 10 (77%) people earning more than \$200,000 p.a. funded their children’s education by salary alone, well above those in lower income groups - particularly the lowest income group (49%). In contrast, significantly more people earning less than \$100,000 p.a. - around 4 in 10 - relied on their savings to pay for their children’s education.

HOW WILL EDUCATION BE FUNDED: AGE & INCOME

	All	18-29 years	30-39 years	40-49 years	50-59 years	60+ years	Under \$50k	\$50-100k	\$100-150k	\$150-200k	Over \$200k
Salary only	63%	48%	64%	68%	64%	54%	49%	56%	62%	69%	77%
Savings	32%	48%	40%	28%	29%	26%	40%	39%	31%	29%	23%
Family (e.g. grandparents)	10%	16%	14%	8%	5%	15%	14%	13%	12%	8%	7%
Scholarship/bursary	8%	21%	9%	8%	5%	5%	9%	9%	9%	8%	5%
Part salary & part family (e.g. grandparents)	7%	7%	8%	5%	7%	10%	5%	9%	8%	7%	7%
Part salary & part scholarship	5%	5%	5%	4%	5%	3%	1%	3%	7%	5%	1%
Loan	4%	9%	10%	3%	2%	0%	5%	6%	4%	3%	3%
Other	2%	5%	0%	0%	2%	4%	4%	1%	1%	0%	1%
Part family & part loan	1%	0%	0%	1%	0%	2%	1%	0%	1%	1%	1%

PLANNED AHEAD FOR SCHOOL FEES



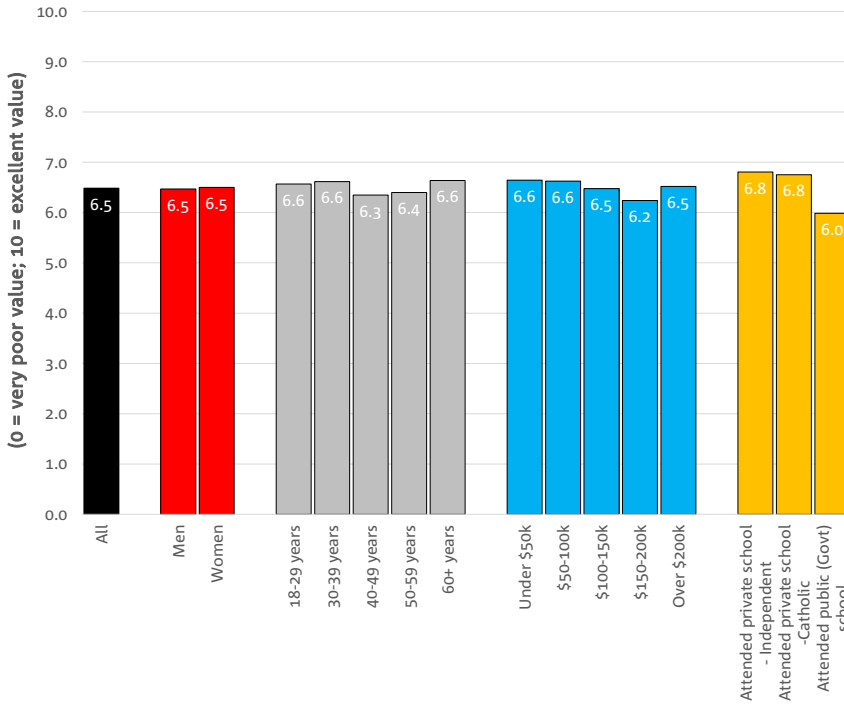
The Futurity Investment Group Planning for Education Index has estimated the total cost of an education for a child starting school in 2021 will range from \$81,823 for Government schools, \$140,433 for Catholic schools and \$340,882 for Independent schools (national average for metro areas).

Despite these significant outlays (particularly for Independent schools), less than 1 in 2 (45%) people planned ahead for private school fees, while a similar number (44%) had not. Just over 1 in 10 (11%) had not but intended to.

Significantly more men (51%) planned ahead than women (40%). By age, the 30-39 group were most proactive (54%) and the over 60 group least proactive (36%). Noticeably more people in the 18-29 group (28%) however indicated that though they had not planned ahead, they intend to.

Only 37% in the lowest income group planned ahead for school fees, with this number rising to 52% in the \$100-150,000 p.a. group. High income earners were least likely to have planned ahead (55%), and also by far the least likely intending to plan ahead (3%).

DO PRIVATE SCHOOLS REPRESENT GOOD VALUE FOR MONEY?

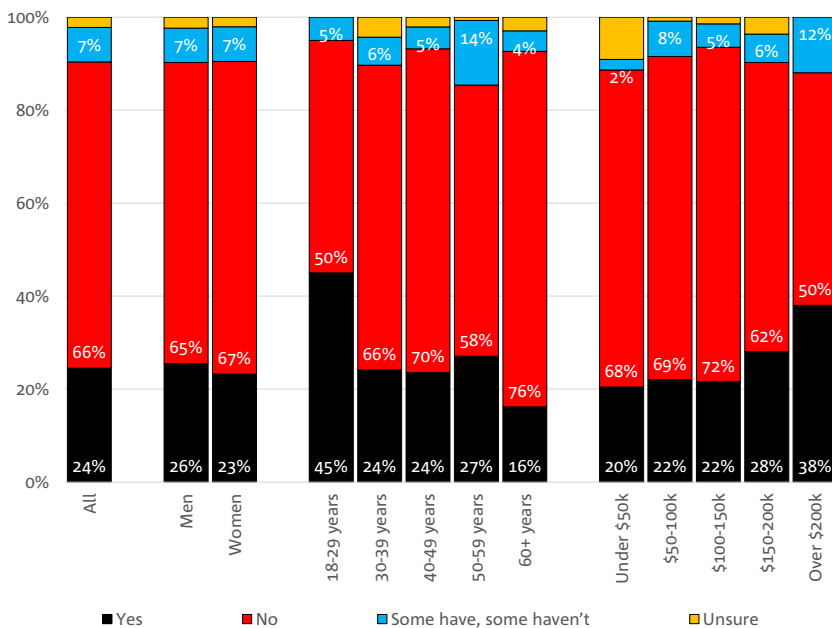


On average, private schools represent “moderate” value for money, scoring 6.5 pts out of 10 (where 10 represents excellent value). But 1 in 3 (33%) said it represented “excellent” value (i.e. scored 8 pts or higher), and just 9% “poor” value (i.e. less than 4 pts).

There was little difference in average scores by gender, age, or income, though we did note a much larger number of low-income earners (39%) indicating private schools represented “excellent” value for money when compared to the highest income group (29%).

Survey respondents who previously attended either a private Independent or Catholic school (6.8 pts) on average rated value somewhat higher than those who attended a public Government school (6.0 pts). Around 40% who attended a private Independent school and 37% a private Catholic school also rated value “excellent” compared to just 25% of respondents that attended a public Government school.

DURING THEIR TIME AT PRIVATE SCHOOL HAVE YOUR CHILDREN RECEIVED PRIVATE TUITION OUTSIDE THE SCHOOL SYSTEM?



Around 1 in 4 (24%) people with children who are currently or had attended private school said they had also received private tuition outside of the school system while they were there, while 2 in 3 (66%) had not. Around 7% however said some of their children had while others had not.

The accompanying chart shows that almost 1 in 2 (45%) in the 18-29 age group had children who received private tuition as well, with this falling to around 1 in 4 in age groups between age 30-59. The number whose children had also received private tuition while at school was significantly lower in the over 60 age group (16%), where around 3 in 4 (76%) also said they had not.

Income was significant with private tuition increasing as they grew - starting at 20% in the lowest income group and rising progressively to almost twice as many in the highest income group (38%).

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