

School changes to impact uni enrolments

John Black, CEO of Australian Development Strategies and Education Geographics

Only about 45 per cent of year 12 students from Government schools in 2015 said they had a Bachelor degree as their main post-school destination, but the equivalent figure from non-Government year 12 completers was about 63 per cent.

Our company Education Geographics profiles non-Government schools and we currently have about ten per cent of the Australian Independent student market. And what happens in our market affects yours.

From our national research and our individual school profiles we are picking up significant changes to the profile of students at all three sectors which can be traced back to long run cultural changes and to the impact of digital disruption to the jobs and incomes of Non-Government school parents.

These changes will ultimately also impact enrolments at Universities. Indeed, our informal advice is that this is already happening with students preferring Universities in regions where they have the highest chance of securing both a part time job while studying and a full-time job after graduation.

This means Catholic schools and Independent schools of a given ICSEA score charge similar fees and the two sectors have become interchangeable for parents focussed on price and parental peer groups.

The first point to note in any discussion of the three education sectors is the massive impact of the GFC on growth in market share for the national Independent sector.

When we break these figures down by states we can see that the Year on Year Market share dropped dramatically after the GFC across all states, but the resource states of West Australia and Queensland were the hardest hit, with both states in negative Year on Year growth for market share.

Victoria hit negative Year on Year growth in 2012 and 2013 and has recovered slightly, due to rapid enrolment growth in very low fee Islamic schools.

Despite these post GFC setbacks the Independent school sector has continued to grow market share at a slower rate, but this growth has been restricted to low fee schools which we typically find located in outer suburbs.

The high fee Independent schools located close to CBD have relied on strong population growth and unit developments to maintain enrolment numbers, but high fee Independent schools without population growth have been

losing both market share and enrolment numbers.

Across all capital cities, these high fee Independent schools have been losing market share to high SES Government schools, particularly selective or independent Government schools. These changes have driven up the SES scores for the Government sector at the expense of both the Independent sector and the Catholic sector.

Traditionally, the Catholic sector siphoned off market share from both the Independent school sector and the Government sector, whenever Independent fee growth as inferred by Education CPI rose above five per cent.

However, since the wind down of the Australian post GFC stimulus in late 2010, the Government sector – in net terms – has been taking market share from the Catholic sector, irrespective of price.

When it comes to competition between the Catholic sector and the Independent sector, we are finding the two sectors to be virtually interchangeable in the eyes of most parents, but there is still some segregation for lower fee schools.

For example, when we find as many Anglicans as Catholics in any given region, there will be more Anglicans at Independent schools and more Catholics at Catholic schools, as we would expect.

But in the higher fee schools across the same catchment, we

find more Anglicans in the higher fee (non-systemic) Catholic schools, but similar numbers of Catholics and Anglicans in high fee Independent schools. Note here we're talking about Catholic persons, rather than males or females.

To get a better understanding of the economic and gender-based factors at work here we charted ICSEA scores over school fees for both Catholic and Independent schools and we found that both Catholic sector and Independent sector ICSEA scores rose as fees increased and the two lines continually overlapped each other.

This means Catholic schools and Independent schools of a given ICSEA score charge similar fees and the two sectors have become interchangeable for parents focussed on price and parental peer groups.

To sum up the evidence so far, the GFC has flattened out the long-term growth of market share for the Independent Sector. This has been most strongly felt by high fee Independent schools and the biggest winner has been high SES or selective Government schools. Inner urban population growth and bigger catchments have protected CBD based high fee Independent schools to a certain extent, but in lower growth outer suburbs, many of the high fee Independent schools are struggling to maintain student numbers.

However, the lower fee Independent schools in the

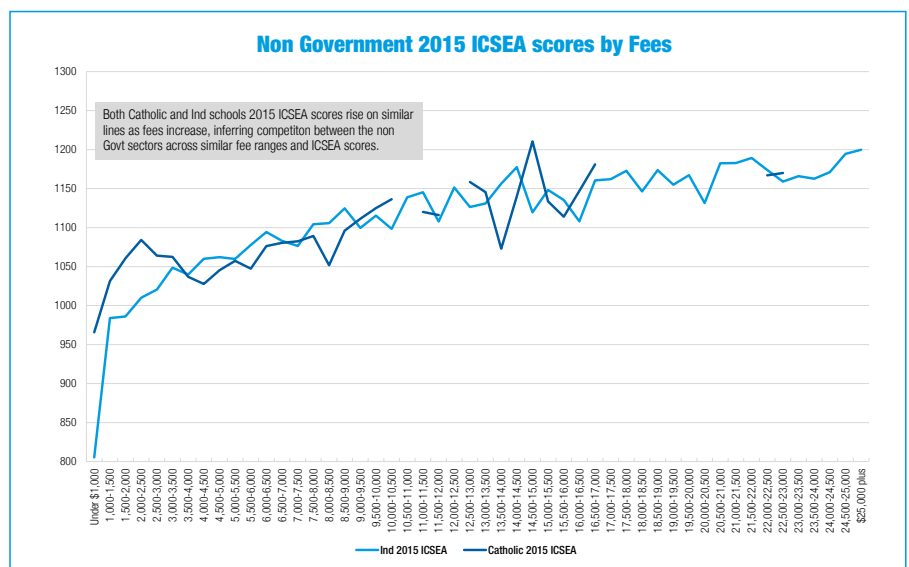
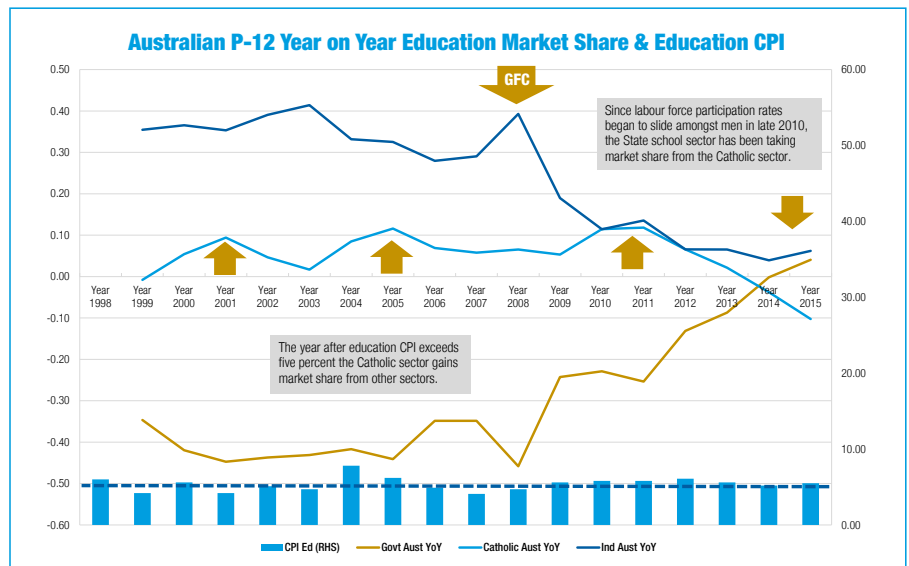
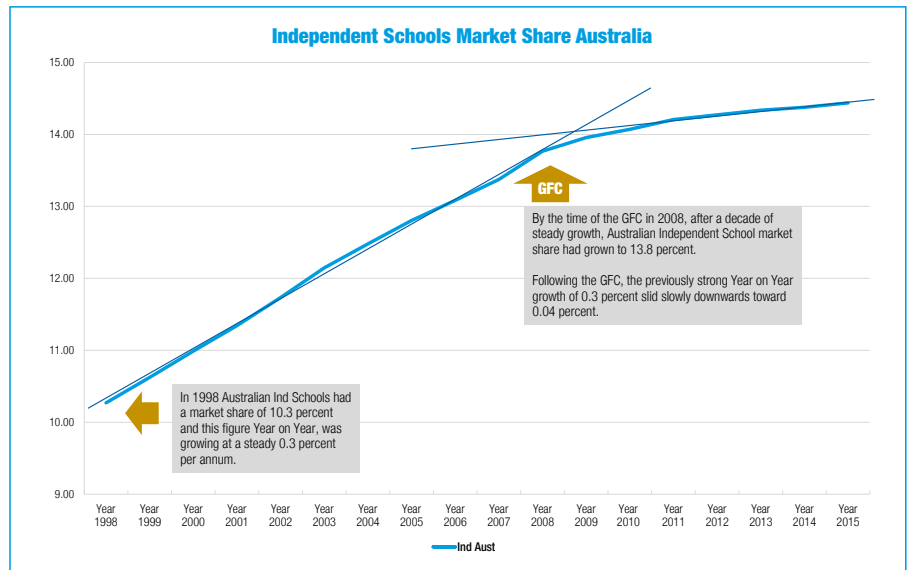
outer blue collar suburbs have continued to gain enrolment numbers and market share at the expense of both State schools and local high fee Independent schools.

The Catholic sector has been losing national market share since 2011 and shows no sign of recovery. At the moment, most of these net enrolment losses appear to have been to the Government sector, but the Catholic sector is now also vulnerable to low fee competition from the Independent sector, as traditional religious boundaries become blurred.

We have not had enough data to be confident of the implications of these trends for the Tertiary Education sector but I think (see below) we may see a drop in University enrolments from suburban Catholic and Independent schools and a rise in interest from high SES Government or selective schools.

For culprits of change we found a number of suspects.

Strong support was shown for the Independent sector at the 2011 Census from suburbs with high numbers of male and female managers and professionals and female clerical and admin workers. We know from our profiles of individual schools that female clerical workers, especially part time ones, provide large numbers of students for Independent schools. But to do this, they need a job.



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Research from the Committee for Economic Development of Australia replicated from overseas studies shows that – while managers and professionals were safe from digital disruption – the female clerks were not and this is a major threat to higher fee Independent schools in middle class suburbs now being squeezed by a stagnant private sector job market and declining real per capita incomes.

Our own research shows the jobs deemed to be under high risk of disappearing due to technological change are in fact frozen in terms of raw numbers, as the rest of the labour market grows around them. And, while the raw numbers may be unchanged, many formerly full

time jobs are being swapped for part time employment.

The high-risk jobs include clerks and tradesmen – the traditional working families. There are about 3.4 million tradespersons and clerks across all Australian suburbs and they comprise about 29 per cent of all Australian workers.

We know from our profiles that they also make up to **23 per cent of all Independent school parents**, ranging from 18 per cent for very high fee schools, up to 27 per cent for very low fee Christian schools.

Principals of higher fee schools may not see these parents picking up their kids or at board meetings, but if this group

sneezes, the Independent sector catches a nasty cold.

And, in time, so will the domestic Tertiary Education market. Our informal advice from the Tertiary sector is that students from particularly depressed job markets, such as north Queensland are now choosing to study in labour market regions closer to major cities where they have more chance of a part time job during their studies and a full-time job when they've finished their degree.

So the economic pressures forcing parents to choose cheaper education alternatives for their children in some regions are also likely to impact the Tertiary education choices for their children.

Our research shows major changes in the public sector/private sector split between occupations which is also having an impact on the three school education sectors.

Public Admin workers tend to send their children to Government or Catholic schools, whereas the Independent sector relies more on the private sector, particularly self-employed managers or private sector professionals, boosted by women in part time senior admin or clerical jobs.

Managers have lost 44,500 jobs in past two years, with all these losses in the private sector. There have been 179,300 Professional jobs created in past two years, but 78,100 (43.5 per cent) of these were in the public sector, instead of one in four. For Clerical and Admin workers, there have 52,700 jobs created, but 53,500 were men, who don't support Independent schools, and the number of female clerks dropped.

Of the 303,700 jobs created in the past two years, 127,900 or 42.1 per cent have been in the public sector, instead of the long run average of one in eight. The strong recovery shown in the last two years by the labour market has been based on the hiring of additional public servants, rather than on any growth in the private sector jobs market.

In other words, the labour market base of support for the Independent sector is shrinking, but growing for the Government sector, especially in higher SES

Female Clerical & Admin workers as Prop of Total Females 1986 to 2016



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suburbs, typically closer to their CBD based jobs.

The Catholic sector has also been profoundly impacted by long term changes in education and employment for Catholic mothers.

Our research shows that Between Census 2001 and 2011, among Australian women living in a relationship, the proportion of Catholic women with degrees has grown from 14.5 per cent to 23.2 per cent and the proportion of Catholic women with Diplomas or Certificates has grown from 17.5 per cent to 24.7 per cent.

Gen X Catholic mums are now indistinguishable from non-Catholic Gen professional mums. They're not running the front desk any more at suburban doctor's surgeries, law offices or accounting firms. They are now just as likely to be found in the back offices as doctors, lawyers and accountants.

And these additional Gen X Catholic mums who have attended universities are much more likely to marry and start families with the men they met while students. In a delightful bureaucratic phrase, the US Bureau of Economic Research called this trend "positive assortative mating".

Between 2001 and 2011, the second biggest increase in marriage by religion and qualifications of 250 per cent has been among female Catholic professional women marrying agnostic men. And what's happening to the Catholic men left over from this trend?

Well, they're in on it too. The biggest proportionate increase in marriage by religion and qualifications of 270 per cent between 2001 and 2011 was among agnostic professional women marrying Catholic men.

This trend at the margins has already had an impact on total numbers. Between Census 2001 and Census 2011 the proportion of Catholics partnering with Catholics has fallen from 58.5 per cent to 56 per cent.

So, where do their kids go to School?

The answer to this question is one I'm saving for my paying school clients but there are some definite conclusions I can share with you:

Parents still, as always, aspire to the best education they can afford for their children.

They know the SES of their class cohort is a key driver of academic outcomes.

So they choose the highest SES school they can afford and they now take into account the cost of real estate, pushing the price of some houses up near high SES or selective Govt schools.

This means we now have an increasingly porous marketplace across all three sectors, with parents chasing the lowest price for combined fees and housing for the highest SES score.

If the family loses one source of income, then they will trade down to a cheaper school in a staged manner.



These sorts of pressures are making some higher fee schools unsustainable in outer suburban areas with stagnant participation rates, unless they can benefit from strong population growth or innovative marketing and transport initiatives.

In the longer term the same pressures may reduce University enrolments from the same areas, especially in depressed regions such as North Queensland.

In the wealthier inner city areas, we are seeing more examples of negatively geared parents who appear to be relying on capital gains or tax incentives to support school fees, making these schools vulnerable to the popping of the property bubble.

We may see less interest in a University education from the children of these parents in per capita terms, especially if there is a collapse in the property market for inner urban units, which, frankly, seems just a matter of time.

Again, I stress our evidence is currently scanty for the Tertiary sector, but I think it is reasonable to assume a University degree is the main aim of the increasing number of students at both high SES Government schools in the inner suburbs and selective Government schools generally.

So, we can expect the GFC and longer term cultural trends to play out in the domestic Tertiary market for students over time. We'll have a better idea when we've profiled our first few Universities, but for now, we're flat out handling ten per cent of the Independent school sector.

John Black is a former Labor Senator for Queensland and now CEO of Australian Development Strategies and Education Geographics and his election profiles and maps can be found at www.elaborate.net.au