

Submission to the Senate Committee: Rural and Regional Affairs and Transport
Inquiry: Rural and Regional access to Secondary and Tertiary Education Opportunities

The Review of Australian Higher Education: Final Report offers several Principles that should underpin the income support system offered to tertiary students.

The system must:

- Allow for a fair allocation of resources and treat recipients fairly.
- Link criteria to improving participation of financially disadvantaged students by:
 - targeting at the most needy students.
 - recognising the special financial needs of Indigenous, low socio-economic status and regional and remote students.
 - providing a satisfactory level of benefits to enable students to support themselves and their dependants with only a small amount of additional income supplementation.
- Assist national productivity by encouraging initial and ongoing participation by a broader group of the Australian community to make the personal investment in higher education study.
- Be easy to understand and to access by:
 - transparently and consistently applying criteria for access to benefits.
 - ensuring that assessment of eligibility criteria and access to benefits are completed in a timely fashion on application.

It is worth reflecting on the changes (and the evidence used) suggested by the Government using these principles. In particular, the recognition of the special financial needs of regional and remote students.

The review highlighted what was believed to be “an unintended consequence of changes introduced first in 1998, Youth Allowance is now being used by some students who are living at home in high socio-economic status households” (pg 48, Bradley Review). The suggested solution to this perceived problem was the removal of work participation criteria from the independence test for Youth Allowance.

While this alteration may have removed 27 000 prospective Youth allowance claimants, it has had an what I believe to be an unintended consequence. That is making a tertiary education more difficult for rural and regional students.

The Bradley report provides an interesting Graph (pg 52) that allows a different interpretation of this problem

The number of students claiming Youth Allowance who are living away from home has declined or remained relatively static since 2003, while there has been a steady decrease in student numbers who are dependent and living away from home. When independence/dependence is considered for both the groups it is purely in a financially sense. If these students have moved out of the family home to continue their education, they will be living independently. There is a group of fewer than 20 000 who are relying on their parents for financial support.

There is evidence that the removal of Work Participation Criteria will not recognise the special financial needs of low socio-economic status and regional and remote students.

As recently as July 2008, John Polesel in his report for “Deferring a University Offer in Regional Victoria made this key finding.

A trend of increasing regional disadvantage is evident in the pattern of rising rates of deferral amongst regional school completers, not just in Victoria but in other Australian states. In 2007, 15.7% of regional Victorian school completers deferred a place at university, two and a half times the rate of deferral found amongst metropolitan students. Moreover, cost-related factors and financial barriers are prominent in the reasons given by these young people for deferring a place at university.

His report also provides an interesting table that sheds some light on regional Victorians who deferred their places

The Survey sample represents regional Victorians who have deferred their University places. The characteristic that causes me the greatest concerns is their Socio-economic status. The changes made to Youth Allowance will have the greatest impact on students who come from households in the lower half of socio-economic status.

It is not surprising that those in the lower half of SES chose to defer their places. Student will need to supplement their Youth Allowance through part-time work, if they are to meet the full cost of attending a University. It would be too risky to allow a student to move away from home, and have the parent suffer the additional costs. Deferring for a year allows a student to save money and gain the experience entering and participating in the workforce.

Rural disadvantage was also highlighted by Trish Corrie and Phillip McKenzie in a report (The Destinations of Victorian School Leavers: Key Findings from the On Track Project)they presented to the CDAA National Career Conference in April of this year.

They found there were “major regional differences in the patterns of destinations among Year 12 or equivalent completers. All non-metropolitan regions have lower rates of transition to tertiary study than do metropolitan regions.

Young people exiting Year 12 in country Victoria were more frequently employed or seeking work, including employment-based training through apprenticeships or traineeships. Overall, there was a

15.4 percentage point gap in the proportion entering the labour market with no further education or training between country Victoria and metropolitan Melbourne.”

They further suggested that “regional differences are even more marked when academic achievement is considered. In non-metropolitan Victoria, only the highest General Achievement Test (GAT) achievers enter into some form of post-school education or training at rates even close to the state-wide average for all school leavers. Conversely, in most metropolitan regions, it is only the lowest GAT achievers who do not exceed this state-wide average.”

Trish Corrie and Phillip McKenzie believe that a key policy priority is to improve transition outcomes for those in non-metropolitan regions.

If we are to improve this transition, I believe that we need to recognise the true cost of supporting a student who is required to leave home to attend a tertiary institution.

The starting point should be the cost of living for a student. The University of Melbourne provides a summary of the costs involved.

www.services.unimelb.edu.au/finaid/planning/cost_of_living/summary.html

It seems reasonable to suggest that the cost of living for a student living away from home is approximately \$20000.

While the changes recommended by the Government allow this amount to be accessible to some, it quickly becomes more difficult.

When making comparisons to a student who was declared independent under the current system, my calculations suggest that families with a household income of \$74 000 will be slightly worse off in the first year and will need to find a further \$3000 in subsequent years. The other significant figure is \$59 000. A household income of \$59 000 allows a family to be better off in the first year, but have an equivalent amount to that provided by the allowance currently paid to Independent students. This would suggest that any household earning more than \$59 000 will be worse off under the suggested changes.

The figure of \$59 000 is significant at a number of levels, when you consider household income and expenditure for households that could be expected to have children eligible to attend University. These figures are available from the Australian Bureau of Statistics.

According to their set “Cat. No. 6530.0 Household Expenditure Survey”, the average expenditure on goods and services is approximately \$70 000 if the eldest dependent child is between 15 and 24, and is close to \$80 000 if you are a couple with dependent and independent children. It is unclear if these figures include the cost of education.

Conclusion

While the Youth Allowances eliminates the problem of students achieving “independence” while living at home, it has a serious impact on regional and rural Australians. The situation is clearly inequitable when families with identical incomes pay disproportionately for the children to attain a tertiary education. This inequity is not linked to income but to geographic location. Therefore this situation is discriminatory and relegates country students to second class citizens.

The proposed changes to Youth Allowance will act to entrench the severe disadvantage faced by this group. This is a concern that has been identified by a number of researchers and needs to be acted upon

Suggestions

Re-instate the work participation criteria so that students who are forced to move away from home to gain an education will have access to Youth Allowance as an Independent student.

Create another criterion for students who remain at home, so that is more difficult for them to assert independence.

Les Evans