

District Council of

Grant

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5 August 2009

The Secretary
Senate Rural and Regional Affairs and
Transport References Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Committee Secretary,

Re: Inquiry into Rural and Regional Access to Secondary and Tertiary Education Opportunities

Please find attached District Council of Grant's submission to the Inquiry into Rural and Regional Access to secondary and Tertiary Education Opportunities. It would be appreciated if Council's submission could be taken into account particularly with regards to amending the independence eligibility criterion. Thank you.

Yours sincerely



Russell J Peate
CHIEF EXECUTIVE OFFICER

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District Council of

Grant



**Inquiry Into Rural And Regional Access To
Secondary And Tertiary Education Opportunities**

**SUBMISSION BY THE DISTRICT COUNCIL OF
GRANT**

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Inquiry Into Rural And Regional Access To Secondary And Tertiary Education Opportunities

INTRODUCTION

The District Council of Grant is the most southern Local Government area in South Australia. The Council is predominantly rural with a number of small townships serving a population of approximately 8,500 covering an area of 188,493 hectares. It is bounded to the south and west by the Southern Ocean, the Victorian Border to the east and the Wattle Range Council to the north. The Council encircles the local government area of the City of Mount Gambier. Dairying, beef and sheep production, wool, seed, and grain production and horticulture are the predominant agricultural activities. The Port MacDonnell fishing industry, in particular the rock lobster industry is a significant factor in the economy of the area, as is forestry production and the related industries of logging and milling.

It is recognised that the Federal Government has introduced a package of reforms for student income support to respond to the recommendations and findings of the Bradley Review of Australian Higher Education. The reforms align with the Government's education outcome objectives of:-

- 40 per cent of all 25 to 34 year olds attaining a qualification at bachelor level or above by 2025; and
- 20 per cent of higher education enrolments at undergraduate level should be people from low SES backgrounds by 2020.

REFORM PACKAGE

Key elements of the reform package for student income report include the following:-

- An increase to the parental income test threshold for access to the maximum rate of Youth Allowance or ABSTUDY (currently \$32 800) to align with Family tax Benefit A (FTB) income test (currently \$42 559) and alignment of the indexation and taper rate arrangements with those applying under FTB – from 1 January 2010. This means that students from families with two children in the Youth Allowance age range living away from home and a combined income of up to \$139 388 will now be eligible to receive a part rate of Youth Allowance;

- A reduction in the age of independence from 25 years in 2009 to 22 years in 2012, commencing with 24 years in 2010.
- A new Student Start-up Scholarship of \$2254 for all university students receiving income support, except for those already receiving a Commonwealth Education Costs Scholarship – from 1 January 2010;
- A Relocation Scholarship of \$4000 in the first year and \$1000 in later years, to provide assistance with the costs of relocating for study for dependent university students who have to move away from the family home for study and independent students disadvantaged by personal circumstances, except for those already receiving a Commonwealth Accommodation Scholarship – from 1 January 2010;
- An increase to the personal income test threshold from the current \$236 to \$400 per fortnight and the introduction of CPI indexation to the threshold, so that students can earn more from part-time work before their payments are reduced – from 1 January 2011.

The District Council of Grant recognises that the reform packages will be of benefit to a number of young people. Indeed, it is understood that around 68 000 extra dependent young people will gain access to Youth Allowance or ABSTUDY through a more generous Parental Income Test threshold and around 34 600 will receive a higher rate of payment as a result of the Government's changes to the parental income test.

INDEPENDENCE CRITERIA

Further, the Bradley Review found that student income support was poorly targeted. It found that 36 per cent of independent students living at home were from families with incomes above \$100, 000. The same survey estimated that 18 per cent of students in this situation came from families earning incomes of above \$150, 000 and 10 per cent came from families earning above \$200, 000.

Council recognises that the Government has altered the eligibility criterion for independence. Under the new criterion, students who work for 30 hours per week for at least 18 months during a two year period will still be considered to be financially independent from their parents.

It is contended that this particular change to the independence criteria will particularly deleteriously affect rural and regional students attending university. Working a gap year to get the full allowance is critical given the higher cost of having to move to a larger town or City. While the parental income may be too high for them to qualify for Youth Allowance as dependents, it often is not high enough to subsidise them living away from

home, given student rents in Melbourne, for example, are \$15,000 per year. Prior to the reform packages students worked a gap year to earn \$19,500 to prove their independence and qualify for the \$371.40 per fortnight allowance. However, under the new criteria, students will have to work an average 30 hours per week for at least 18 months. It is considered that working this amount of time is too onerous for students and universities will not defer student entrance for 18 months.

A student in Mount Gambier, Sarah Dickins, has indicated the following:-

"In Mount Gambier, taking a gap year between high school and university has become the only way for most students to be able to afford the huge expense of higher education. Of the 100+ students who enrolled in Year 12 at Mount Gambier High School in 2008, only two went on to university straight away, the rest have been hard at work this year in our local community, attempting to earn \$19,500 to be deemed as independent under the old Youth Allowance guidelines. This independence allows students to receive the full Youth Allowance benefits while studying at university.

While even the full allowance of \$380 a fortnight won't cover all expenses a student faces, it goes a long way towards rent, food and books, meaning that students don't have to work excessive hours in a part-time job, so can focus on their studies. The statistics from other local high schools are similar, which means that there are currently hundreds of local students on a 'gap' year right now. These students have acted on the advice given to them by Centrelink at the end of last year. We students have trusted that by working hard and earning the required amount, that we would be eligible for the full benefit of \$9,600 a year when we leave for university in 2010. However, this will no longer be the case.

Under the proposed changes to Youth Allowance, the option of earning 75% of the minimum wage during a gap year is being removed from the ways of gaining independence. Another option popular from country students to gain Youth Allowance funding was to work 15 hours a week over a two year period during university, however this number has now been increased to 30 hours a week, making it impossible for students to give their studies the required attention. This means students who have taken a gap year in 2009, and comply with the guidelines which are still printed on the Centrelink website today, will not be deemed as independent; so will miss out on the allowance. This is unless of course their parents combined income falls under the threshold, which is just \$42,000 per year to receive the full benefits, tapering out at a rate of 20%. Please keep in mind that the cost of sustaining a student away from home easily exceeds \$15,000 a year, meaning that this cost is now going to burden parents who may be planning on retirement, without accounting for this huge cost. University placements can only be deferred for one year, so students who have worked hard during year 12 and deferred their studies will lose their university placement if they

choose to take an extra year off to qualify for independence by working 30 hours a week”.

In addition, should the independence criteria not be amended, it is likely the concomitant effect of this will also mean that parents, often professional, will relocate to capital cities when their son/daughter attends university to decrease the financial impost. This will mean that rural and regional areas will suffer, not only from a population decrease but more importantly professional people relocating and such areas losing professional services.

Accordingly, it is strongly contended that this criteria should be amended to encourage students from rural and regional areas to attend university. This cohort is presently under represented and initiatives must be implemented to support such attendance.

A short term impact resulting from the amendment to the independence criterion potentially will be a decrease in university enrolment by rural and regional students leading to the Federal Government's education outcome objectives not being achieved. The educational needs of rural and regional students particularly regarding university attendance needs to be taken into account. It is suggested that the independence criteria be amended so that students work for a maximum of fifteen hours per week for two (2) years as is the case at present. However, the new means test for family income still be maintained. In addition, it is requested that an annual allowance for rural and regional students recognising the significant financial impost of rental accommodation and living away from home costs be implemented. This must be above and beyond the relocation allowance recognising the significant ongoing costs for regional and rural students to attend University.