

Submission to: *Rural and Regional Affairs and Transport Committee*

Re: *Rural and Regional Access to Educational Opportunities*

From: Anthony Green

Date: 7 August 2009

Terms of Reference

- **the financial impact on rural and regional students who are attending metropolitan secondary schools, universities or TAFE;**

I have two student family members currently enrolled in two different universities, each approximately 3 hours drive from home. While there is a small campus of one metropolitan university in the area we live, their respective courses are not available at that institution and they must necessarily live away from home for the full duration of their studies. It is my experience over four years that the cost to support such students living away from home is approximately \$12,000 p.a. each, over and above the cost if they were to live at home. This cost is not incurred by students who are able to live at home and therefore any student from a rural or regional area that does not have a local institution offering a suitable course is at an extreme financial disadvantage. It is inequitable that metropolitan students who qualify for student Youth Allowance (YA) receive far greater financial support than rural or regional students who are forced to leave home to study.

- **the implications of current and proposed government measures on prospective students living in rural and regional areas;**

The current measures for YA have allowed those students who are willing to defer studies and work hard for 12 months to qualify for “independent” status and receive student YA irrespective of their parents’ income level. This is particularly beneficial to those students where the parental income is such as to only allow a reduced rate of “dependent” YA, or no YA at all - the “living away from home” YA with rent assistance basically provides the required level of income to support a student living away from home.

The proposed measures remove the primary criterion used by prospective students to qualify for “independent” status. Many of these students will only qualify for a reduced rate of YA under the “dependent” parental income tests or no YA at all. Regardless of the parental income, rural and regional students will be disadvantaged in cutting off the only means they had to qualify for a suitable level of financial support. While the new Relocation and Startup Scholarships are welcome, they in no way make up the shortfall of support compared to the current system. There is also little logic in having a higher relocation allowance at the proposed level in the first year of studies.

But what is most unfair is the proposal to impose the new measures on students who plotted their future under the current rules and chose to work through 2009 to qualify for independent status and commence studies in 2010. Through no fault of their own, if their parental income is over the cutoff level then they get no YA. If their parents were able to support them then they have effectively wasted a year where they could have been studying and many would have chosen this course of action. If parental income is below the cutoff level then they will qualify for some YA and scholarships but in many cases much less than they would have under independent status. While this method was open to all students, it seems that more rural and regional students took this route in order to defray the higher costs of living away from home outlined above. Rural and regional students as a whole are therefore more disadvantaged by the proposals than metropolitan based students.

Another implication that has received absolutely no discussion is that many parents of rural or regional based students who were proposing to achieve independent status are self employed or have an interest in a business. Under the YA “dependent” qualification rules these parents are not subjected to the Parental Income Test but instead must qualify under the Family Actual Means Test. This requires all expenses and savings of ALL family members to be calculated and documented for the two financial years prior to the application for YA. If it was known that this was to be the case then some suitable record-keeping could have

occurred but to now impose this requirement on the affected students will be very difficult. There is also the matter of the resources required by Centrelink to process these claims – the detail required is horrendous and the time required to verify each claim will be similarly so. There is simply no comparison to the effort required to lodge and verify under the current requirement for independent status. The test is also applied and checked each year and with the current economic crisis many rural and regional businesses have wildly fluctuating profitability and it is likely that the eligibility for YA will change markedly from year to year. While there are provisions in the Act to deal with such circumstances, it adds another level of complexity to the qualification process.

It should also be noted that the one criterion for independent status proposed to be retained in no way gives any better indication of “true independence” than the ones to be discontinued. Working for 18 months full time to qualify as independent is irrelevant once studies commence. Why is this deemed to be a measure of true independence when earning a target amount over the same period is not?

- **the adequacy of government measures to provide for students who are required to leave home for secondary or post-secondary study;**

The level of support for those who qualify and are required to live away from home is adequate. The inequity is that it is also available to those who simply choose to live away from home. The Relocation Scholarship is targeted to rural and regional students but there is little logic in the amount of the scholarship and especially the much larger amount in the first year – there is not a huge cost in a student relocating to a metropolitan area.

The inequity here is that under the proposals it is only students who qualify for dependent YA who will receive the Relocation Scholarship. So for a rural or regional student who must leave home to study and does not qualify for any YA there are actually no government measures to assist financially.

- **the educational needs of rural and regional students;**

Are no different to the needs of metropolitan students.

- **the impact of government measures and proposals on rural and regional communities;**

The proposed changes are likely to lead to more rural and regional students deciding to either take two years off to qualify for independent YA or decide to not go to university and instead seek work in their local area. Either will result in an increase in the number of young people seeking work in their area which will impact on youth unemployment, taking away jobs from young people who never had an intention or the ability to go to university.

Summary

I believe that while most of the proposed changes are welcome, the effect on prospective rural and regional students of the proposal to change the criteria of qualifying for independent status for student Youth Allowance purposes is unfair on those who embarked on a course under the current criteria. Retaining one criterion is illogical and in no way provides a better measure of “true independence” than the ones to be abolished.

In my view, a more equitable system to qualify for independent status would be to require an ongoing level of income derived from working and for the Youth Allowance to match this student income dollar for dollar up to a specified limit. A level of income for “true independence” is probably around the current level required for qualification as independent but over a 12 month period – that is, approx \$19,532. Independent Youth Allowance is currently about \$9,600 p.a. If student income through work was matched dollar for dollar up to this limit then the student who must live away from home would have a potential income of \$19,200 p.a. and could be said to be capable of living independently.