



**NUS Submission To The Senate Rural and Rural Affairs  
Committee**

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

**Presented by NUS President, David Barrow**

**Prepared by NUS Research Co-ordinator, Graham Hastings**

**August 2009**

## Primary Recommendations

RECOMMENDATION 1: NUS recommends that all non-indigenous students who relocate in order to study should be eligible for the full Independent rate of Youth Allowance. Similar provisions should be established for Indigenous students and Abstudy.

RECOMMENDATION 2: That, the government push back the implementation date for the removal of the workforce eligibility criteria from the 1<sup>st</sup> of January 2010 to the 1<sup>st</sup> January 2011.

RECOMMENDATION: 3. That campus-based student-run representation, services and amenities that assist in retaining rural and regional students at university receive long term funding after being decimated by VSU

### **Rural Higher Education Disadvantage**

Rural communities are very diverse. Only a minority of the rural population, around 17%, the farmers. Yet rural communities (regional and remote) face disadvantage according to almost every social and economic indicator: income, service provision, internet access, public transport, lower rates of Year 12 school completion and access to higher education.

Rural students commonly have a substantially different higher education experience than their metropolitan counterparts: many more study in external or mixed mode, there is a greater overlap in rural communities with other education disadvantage such as low SES and Indigenous issues, they face a different context for their financial matters such as income support, there are limited opportunities for paid casual work, more negative perceptions of study-related debt and the value of university study, and also a much greater necessity to relocate to pursue a preferred study choice due to limited local offerings.

Note that the recommendations for the reform of arrangements for Indigenous students arising from the 2008 NUS National Indigenous Students Conference are in a separate document available in the research unit section of the NUS website ([www.unistudent.com.au](http://www.unistudent.com.au)). The Bradley higher education review committee endorsed many of the recommendations arising from this conference.

Despite rural disadvantage being recognised as priority for higher education equity planning for a couple of decades there only been sporadic policy research and policy initiatives in this area.

However, some of the basic statistical facts about rural disadvantage are well known. In a speech entitled *Equity In Education Revolution* the DEEWR Minister,

Hon. Julia Gillard said that between “2001 and 2006 the higher education participation rate of regional students declined from 19 per cent to under 18 per cent, and regional students were 7 per cent less likely to complete 12 years of school than city students. In remote areas the gap is 17 per cent. Indigenous Australians make up 2.3 per cent of the population but only 1.2 per cent of higher education students.”<sup>1</sup>

In 2008 Gillard also commissioned a panel of higher education experts, chaired by former University of South Australia Vice Chancellor, Denise Bradley, to conduct a review of the whole higher education system.

The Bradley Review committee looked at the access rates and participation rates (of students of regional and remote backgrounds).

The last Australian Bureau of Statistics census found that 25.4% of Australians live in regional areas and 2.5% live in remote areas. The Bradley review committee found that regional students make up only 19% of first year enrolments at Australian universities (a 24% under representation). Students from remote areas make up only 1.1% of enrolments (a 56% under representation).

The committee also found that the access and participation rates have been deteriorating for the period examined (2002-2007). For example the retention rate for remote students at universities is 13% below other students and this been steadily getting worse since at least 2002.

### **Current Living Costs and Income Support Measures For Regional and Remote Students**

The typical patterns of costs and income support for typical rural students are substantially different from typical urban students.

A much higher proportion of rural students than urban students need to travel more than 100 km to study at university. This means that many have to move away from the parental home, often to a distant city or town. Rural students also face additional initial costs of relocating to a different city and on-going costs of returning to visit family and friends.

Rural students moving to a metropolitan area also often have more difficulties finding paid casual work. They often do not have the informal contacts to find work or find that rural casual work skills (ie, farming) are not transferable to a metropolitan setting (ie, hospitality).<sup>2</sup>

Even students who stay in rural areas (regardless of whether they have relocated) typically face substantial larger petrol costs to attend study and paid employment and due to the scarcity of public transport and local employment. For example Gippsland students report to NUS that they have to drive to Melbourne and couch-surf there every weekend to be able to get regular paid work.

According to the Universities Australia’s *National Survey of Student Finances 2006*, a full-time undergraduate’s mean income is \$12,560, with mean expenditure of

---

<sup>1</sup> Hon. Julia Gillard, Equity in Education Revolution, Speech, 4 April 2008, Transcript, [http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article\\_081022\\_145840.aspx](http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article_081022_145840.aspx)

<sup>2</sup> Parliament of Victoria, Education and Training Committee, Inquiry Into Geographical Differences in which Victorian Students Participate in Higher Education, Final Report, July 2009, pg 182

\$15,950, a deficit of 27%.<sup>3</sup> The report unfortunately did not disaggregate rural students from urban students.

According to Naomi Godden's study of regional students<sup>4</sup>, the participants estimated that it costs \$15-20,000 per year for a rural young person to study away from home, plus start-up and relocation expenses of \$3-6000 (not including a vehicle).

Expenses for rural students include:

- **Start-up expenses** (\$3-6000 plus a vehicle): Travel and accommodation to enrol, attend Orientation Week, and source accommodation; bond; computer; moving costs; setting up a house; and a vehicle.
- **Living Expenses** (\$250-400 per week): Private accommodation – rent, utilities, and food; Residential Accommodation - fees (up to \$12,000 a year), and parking fees. Expenses for all students include: phone; transport (car, fuel, car maintenance, registration and insurance, and/or public transport); clothing; sporting fees; work uniform and travel; health; socialising; and unexpected expenses.
- **Study-related expenses**: printer; internet connection; stationary; lecture notes; textbooks; short courses; and student association fees.
- **Travel home**: Bus, train, aeroplane or car travel; and travel and accommodation costs for family to visit children.
- **Fees**: upfront TAFE fees; or HECS-HELP fees if not deferred.

The large private rental rises in most metropolitan areas since these two studies were conducted means that an estimate of \$15,000 considerably understates the costs faced by typical students in shared rental accommodation in 2009. The Australian Scholarships Group has an on-line study and living costs calculator<sup>5</sup> which breaks down average costs by degree type and state/territory.

A currently enrolled single student doing a four year degree in NSW and living in private share rental accommodation is estimated to face living costs (excluding HECS and study costs) of \$86,181. This puts their annual living costs at \$21,545. A student studying in Canberra will face annual living costs of \$22,097. A student in WA faces annual living costs of \$21,776.

### *Income and Assets Tests*

Students who have been determined by Centrelink to be 'independent' are subject only to a personal income test in order to determine their eligibility for Youth Allowance/Austudy/Abstudy and also their level of payment. Students can earn up to \$6,000 from paid work before they have their benefits reduced.

Students who have not been determined by Centrelink to be 'independent' are also subject to a family income and assets tests to determine eligibility and level of payment. The family assets test is particularly significant for students from regional

---

<sup>3</sup> James, R., Bexley, E., Devlin, M. & Marginson, S. (2007), Australian University Student Finances 2006: A Summary of Findings from a National Survey of Students in Public Universities, Universities' Australia, Canberra.

<sup>4</sup> Godden, N. (2007) Youth Allowance and Regional Young People: Access to Tertiary Education (online). Available [www.csu.edu.au/research/ilws/research/docs/youthallowance.pdf](http://www.csu.edu.au/research/ilws/research/docs/youthallowance.pdf) [25 July 2008].

<sup>5</sup> Australian Scholarships Group ([www.asg.com.au](http://www.asg.com.au))

and remote backgrounds because of the high number of families who own farms or small businesses.

For rural students who are dependent on their parents, the family assets test applying to dependent Youth Allowance recipients takes account of current market values, net of business or farm related debt (this valuation disregards the principle family home and up to two hectares of surrounding land). The limit is currently set at \$571,500 for most families and is indexed annually.

Also, a 75% discount is applied when assessing business assets (including farm assets). This means that at least a partial Youth Allowance and ABSTUDY can be received by dependent young people from small business and farming families with assets up to the value of \$2.286 million.

Families in drought affected areas who are in possession of a drought relief exceptional circumstances certificate, in receipt of the Exceptional Circumstances Relief Payment, and also are receiving a payment under the *Farm Household Support Act 1992*, can be exempted from the application of the family income and assets tests for student income support payments.

#### *Workplace Participation Criteria and the Gap Year*

Students can avoid the family income and assets tests by fulfilling Centrelink's definition of independent status. This can normally be achieved through reaching the age of 25, extreme family breakdown/parental dysfunction, being a refugee, being married or in a long term marriage-like relationship, or through demonstrating economic independence via the workplace participation criteria.<sup>6</sup>

Students can currently qualify for the Independent Rate of Youth Allowance through workplace participation eligibility criteria by:

- working for at least 15 hours a week for two years since leaving school;
- earning over \$19,352 a year (75% of maximum rate of Wage Level A of Australian Pay and Classification Scale) over an 18 month period;
- working for 30 hours a week for 18 months in a two year period.

This is the principal mechanism by which rural students achieve independent status and are able to access the full rate of Youth Allowance and rent assistance.

The Universities Australia *National Survey of Student Finances 2006* found that 21.9% of all undergraduate students had deferred and taken a gap year before starting university. 12.4% of the full time undergraduates who deferred indicated that they had done so to establish independent status for Centrelink. Another survey conducted in 2004 found that 43% of deferring students in the survey were from rural backgrounds.<sup>7</sup>

The Victorian Education Department's *On Track* data found that one third of school leaver deferrals in 2007 cited the costs of study and financial pressure on parents as a reason for deferring university study. About 40% responded that that they were

---

<sup>6</sup> A full list of independence criteria is at:

[http://www.centrelink.gov.au/internet/internet.nsf/payments/ya\\_independent.htm](http://www.centrelink.gov.au/internet/internet.nsf/payments/ya_independent.htm)

<sup>7</sup> Department of Education Science and Training, *The first year experience in Australian universities: findings from a decade of national studies* (Krause K, Hartley R, James R and McInnis C, Centre for Study of Higher Education, University of Melbourne), Jan 2005

waiting to access Youth Allowance. Nearly 14% of non-metropolitan school leavers in 2007-8 rejected their university offer compared to 8.6% in metropolitan areas.<sup>8</sup>

### *Commonwealth Accommodation Scholarships*

The Commonwealth Accommodation Scheme was introduced by the Howard Government to support low SES students who needed to re-locate from a regional or remote area in order to study.

The scheme provides scholarships of up to around \$4,400 for up to 4 years. However, the number of scholarships were rather limited and were allocated by the universities. In some cases the scholarships were allocated to recruit high achieving students rather than on a needs basis.

The scholarships were administratively flawed in that a student need to have already accepted an offer to study at the university that year before finding out if they had received the scholarship. This undermined the basic goal of the scholarships which was to improve access.

### *Commonwealth Education Scholarships*

The Commonwealth Education Cost Scholarships (currently \$2,207 per annum for up to 4 years) were a measure introduced by the Howard Government to help some disadvantaged students to meet the costs of study such as textbook and course materials. The Rudd Government's first budget doubled the number of scholarships.

According to DEEWR only 17.7% of students on income support are receiving the scholarships. The Education Costs Scholarships had the same administrative flaws as the Commonwealth Accommodation Scholarships.

### *Other Income Support*

Dependent rural students receiving Youth Allowance may qualify for the higher "away-from-home" rate of Youth Allowance payment (a maximum of \$486.60 compared to the "at home" rate of \$371.40).

The criteria for receiving the for the Dependent Living Away From Home rate: (only for full-time tertiary students) are that:

- the travelling time is excessive. For the purposes of Youth Allowance excessive travelling time is where the time it takes for the young person to travel by public transport from their parent's home to an the place of study exceeds 90 minutes including walking and waiting times. Restrictions due to lack of, or deficiencies in public transport can also be taken into account. OR
- they choose to study at an institution away from the parental home, OR
- there is a compulsory requirement to reside at the institution while studying, OR
- they are undertaking part of their Australian approved course at an overseas institution.

---

<sup>8</sup> Parliament of Victoria, Education and Training Committee, Inquiry Into Geographical Differences in which Victorian Students Participate in Higher Education, Final Report, July 2009

Note that this is still subject to family income and assets test so in most cases the students would not receive the full benefit level they would have received by meeting the Independence criteria.

Students may also be eligible for the Remote Area Allowance, Fares Allowance for up to two return trips home per year and other benefits such as the low-income Health Care Card and Pharmaceutical Allowance.

State Governments also have housing bond loans programs

### **Federal Budget and the Bradley Review Changes**

In this year's Federal Budget the government announced its intention to implement many of the recommendations of the Bradley review that applied to student income support.

Many of the changes were positive and were long standing demands of NUS for income support reform:

- The age of independence (ie, to be assessed on personal income rather than parental income for income support eligibility) will be lowered to 24 on 2010, 23 in 2011 and 22 in 2012.
- Personal Income Test Threshold will be increased from \$236 to \$400 pf in 2011 (ie, this is the amount of employment or other income that students can earn before they have their income support reduced.)
- All masters by coursework students will be eligible to apply for student income support for the first time
- Commonwealth Education Scholarship Scheme will be replaced with Student Start-Up Scholarships. The \$2,254 a year scholarships will be available to all students receiving Youth Allowance, Austudy or Abstudy. They will be administered by Centrelink rather than universities. NUS estimates that for a single student in a share house on the maximum Independent Away from Home rate of Youth Allowance their total Commonwealth support (base rate, Start up Scholarship and rent assistance) will increase from 52.5% of the Henderson poverty line to 62.7%.
- The Parental Income Test Threshold will increase from \$32,800 to \$42,559 (ie to receive the full Youth Allowance benefit)
- New Taper Rates for Partial Youth Allowance Payments. From 2010 the new taper rates will be aligned with Family Tax Benefit (ie 20 cents per student for each dollar over the \$42,599 threshold. Currently the taper rate is 25% and cuts in at \$32,800.
- Equity and merit based scholarships awarded by universities and other organisations would be exempted from being treated as assessable for means testing under the *Social Security Act* (ie stopped the Commonwealth from reducing Commonwealth student allowances if they were receiving non-Commonwealth scholarships).

There were two significant negative changes that will directly impact on rural students.

#### *Relocation Scholarship Scheme:*

The government announced that it would be replacing the Commonwealth Accommodation Scheme with a Relocation Scholarship Scheme for Youth Allowance and ABSTUDY recipients who need to relocate to study. They will receive \$4,000 in the first year and \$1,000 in subsequent years. This reduces the current benefits received after the first year. Existing recipients will be grandfathered.

A joint submission from the Department of Education, Employment and Workplace Relations (DEEWR) and the Department of Innovation, Industry, Science and Research (DISSR) to the *Higher Education Support (2009 Budget Measures) Bill* Inquiry indicated that an estimated 6,100 more students will receive an accommodation scholarship in 2010, an increase of 28 per cent in the number of accommodation scholarships available to students living away from home.<sup>9</sup>

NUS is supportive of the concept that the Relocation Scholarships should be more widely available than the existing Commonwealth Accommodation Scholarships and that the administration should be handled by Centrelink. However, we are concerned about the loss of income after the first year.

The Association of Heads of Australian University Colleges and Halls estimates that students on the Relocation Scholarships will receive only 37.3% over a four year period compared to what they would have received under the Commonwealth Accommodation Scholarships. They have also estimated that despite the extra number of students receiving the scholarships that by 2013 the amount of money allocated to accommodation scholarships will be less than that the amount stated in the government's election policy platform, *Scholarships for a Competitive Future*.<sup>10</sup>

While we commend the Government for their focus on improving entry and access we are concerned that it is being funded by robbing the funding for on-going participation and completion needed to maintain any hard won improvements in access rates.

NUS is also awaiting more detail such as the guidelines that will govern such a scheme (ie, how is 'necessity to relocate' defined, does the grandfathering continue to apply to students who switch degrees).

#### *Workforce Participation Criteria*

The really big measure is the change to the workforce participation criteria. According to the budget papers this measure alone will generate \$1.819 billion of savings for the Commonwealth.

The Government implemented the Bradley Review Committee recommendation scrapping of two of the three workforce participation criteria for qualifying for independent rate of Youth Allowance (by working for at least 15 hours a week for 2

---

<sup>9</sup> Senate, Education, Employment and Workplace Relations legislation Committee, *Higher Education Support (2009 Budget Measures) Bill 2009 Inquiry*, August 2009

<sup>10</sup> Association of Heads of Australian University Colleges and Halls submission to Senate, Education, Employment and Workplace Relations legislation Committee, *Higher Education Support (2009 Budget Measures) Bill 2009 Inquiry*, August 2009



years or earning over \$18K a year over an 18 month period). The only criteria remaining would be to work for 30 hours a week for 18 months in a two year period.

The Bradley Report and the government argue that the criteria are poorly targeted and are acting as an upper-middle class rort to circumvent the family means test. While they is doubtless some cases of rorting the reality is that the 'gap year' continues to be an important mechanism for low-middle income and rural families to access higher levels of income support.

A study of rural students attitudes to income support found that many rural students were bemused that metropolitan young people who have met the Workforce Participation eligibility can remain at home and receive the full Youth Allowance, while rural young people who are not financially Independent, yet live independently away from home, cannot receive Youth Allowance or only a reduced payment under the dependent living away from home rate if they have had to relocate more than 100 km. This partly explains why there is much more community anger about this in rural areas.<sup>11</sup>

NUS's sees the financial pressure on rural students to take a gap year as evidence of the failures in the current income support system. There are benefits in a gap year for many (extra life experience, travel, time in the workforce that may affect career choice). However, many students lose their ambition to go to uni during their deferment year, particularly once deferred students become accustomed to receiving a working wage, even in a dead-end low skilled job, and are reluctant to go to a life of student poverty.<sup>12</sup>

We share the concerns of the Victorian Parliament Education and Training Committee that the disproportionately high deferment rate in rural and region area arises primarily from financial concerns rather than personal choices, and that this is contributing to the difficulty that universities have in holding onto low SES rural students who have had some aspiration to go to uni.<sup>13</sup> In short how do we fix the income support system so that needy students are not financially compelled to take a gap year ?

Given the far ranging budget income support announcements what are the remaining problem areas that could lead to unfair outcomes ? One of the big problems in assessing the impact of the budget changes is that there has been no actual casework yet as students are still being assessed under the pre-budget legislation. NUS will be working with campus caseworkers at our affiliate organisations to bring concrete problems to the attention of decision-makers. Nevertheless we can flag some of the issues we have been hearing about from prospective students:

- Impact of the drought on farming families and farm-related businesses. While there is relief for farming families in drought-declared areas once the drought is declared broken the families may still be left with the legacy of many years of accumulated debts and unable to fully financially support several children living away to study at uni;

---

<sup>11</sup> Godden, N. (2007) Youth Allowance and Regional Young People: Access to Tertiary Education (online). Available [www.csu.edu.au/research/ilws/research/docs/youthallowance.pdf](http://www.csu.edu.au/research/ilws/research/docs/youthallowance.pdf) [25 July 2008].

<sup>12</sup> Parliament of Victoria, Education and Training Committee, Inquiry Into Geographical Differences in which Victorian Students Participate in Higher Education, Final Report, July 2009, pg 199

<sup>13</sup> Ibid.

- Impact of the drought on the capacity of young people in small and remote communities to find enough employment to satisfy the remaining workplace participation criterion;
- Issues of being asset-rich but disposable income-poor, ie would need to sell the land or liquidate the business;
- Despite having reasonable income or assets the parents are unable to provide financial support due to exceptional circumstances such as an expensive chronic medical condition;
- Parents are unwilling to provide financial support for uni study, ie want the children to stay and help them run the family farm or business;
- The now adult children do not want to continue to be a financial burden on their parents, they feel they would rather work in a dead end local job rather than continue to impose on their parents;
- Queer students and victims of abuse who want to avoid difficult family and local circumstances but don't want to drag their parents through the bureaucratic processes involved with achieving independent status through family breakdown criteria;
- Many medicine, health science, nursing and teaching students in rural areas are required to relocate for several weeks or months to fulfil compulsory workplace practicum components for their study; not only do they face substantial additional accommodation and travel costs but also loss of income from regular casual work while away.

NUS is also concerned that the abolition of the workforce participation criteria is currently scheduled to take place in 2010. However, some of the counter-veiling measures that the government has introduced which may off-set any negative impact are not scheduled to be introduced until later (changes to the personal income test in 2011; lowering the age of independence to 22 in 2012).

Given the level of higher education disadvantage experienced by rural and isolated students, and the at the disadvantage has been getting worse, NUS believes that the government should adopt a cautious approach until the full impact of the changes has settled and can be analysed.

Therefore, NUS recommends that all non-indigenous students who relocate in order to study should be eligible for the full Independent rate of Youth Allowance. Similar provisions should be made for Indigenous students and Abstudy.

This mirrors the recommendation of the Victorian Parliament Education and Training Committee that "young people who are required to relocate to undertake tertiary studies be eligible to receive Youth Allowance"<sup>14</sup>.

There should be a comprehensive review of the impact of the new student income arrangements in 2012 (ie once they are all in place) on equity with a particular focus on regional students.

---

<sup>14</sup> Parliament of Victoria, Education and Training Committee, Inquiry Into Geographical Differences in which Victorian Students Participate in Higher Education, Final Report, July 2009, pg 199

**RECOMMENDATION 1: NUS recommends that all non-indigenous students who relocate in order to study should be eligible for the full Independent rate of Youth Allowance. Similar provisions should be established for Indigenous students and Abstudy.**

Another consideration is the 'grandfathering' of the current gap year students. While students who have already qualified for independence through these mechanisms will be able to maintain that status there is the issue of the cohort of students who are doing their gap year this year.

NUS has been flooded with calls from families who have been caught by this sudden policy change mid way through their gap year. They have told us that they can't work for a second gap year to qualify for remaining criterion without risking losing their place at uni and having to go through the whole admission process again.

NUS strongly recommends that if the government goes ahead with this measure that the grandfathering should be extended to this year's gap students who have arranged their life in good faith based on the policies in place until this budget announcement.

**RECOMMENDATION 2: That, the government push back the implementation date for the removal of the workforce eligibility criteria from the 1<sup>st</sup> of January 2010 to the 1<sup>st</sup> January 2011.**

**Study Costs**

NUS believes that up front study and computer-related costs can also be a significant barrier to participation by disadvantaged groups. In recent years NUS has raised the issues of up front charges such as tuition fees for non-HECS eligible students (such as postgraduate coursework students), course material fees and the additional cost of university textbooks once the GST-exemption was lifted. The extension of income contingent FEE-HELP arrangements to domestic non-HECS eligible students and now the proposed Education Start Up Scholarships go some way to alleviating these remaining up front barriers.

There has also been an on-going policy debate about whether deferred income repayment schemes such as HECS-HELP and FEE-HELP have an impact on access and retention to higher education from disadvantaged communities such as rural areas.

Governments and Vice-Chancellors seeking to justify increases in student fees have traditionally argued that fee levels do not impact on participation so long as they are underpinned with an income contingent loans schemes. On the other hand groups like NUS, CAPA and the NTEU have argued that certain social groups (such as regional and mature age students) tend to be more debt adverse and either opt of higher education or go for the cheaper options.

One of the most cited Australian studies on this is that done by Cardak and Ryan<sup>15</sup>. Cardak and Ryan, both of whom have co-authored articles with the architect of HECS, Bruce Chapman, used longitudinal data from a large sample of students from a randomly selected cross-section of government, catholic and independent schools. They were able to match with measures of student performance (ENTER – Year 12) scores, SES status according to father's occupation and whether or not they went to university. The key finding from the study was that the SES distribution of high performing students in Year 12 was similar to the SES distribution of school leaver university admissions.

They concluded from this that HECS does not appear to be a 'credit constraint' on high performing low SES students making the transition to Year 12 to university. They do not deny that low SES students are under-represented in university admissions compared to middle and high SES students. Instead they are making the argument that the selection processes occur well before Year 12.

NUS has long conceded that despite our opposition to tuition fee increases the empirical evidence shows a long term pattern, although not always consistent, that the bulk of high performing young school leavers are not deterred by the pre-2005 HECS rates. This concession is qualified by the observation that the 1997 and 2005 HECS increases did provide shocks that seem to have had at least a short-term impact on participation.

NUS's core critique of the impact of HECS on equity has focussed on the concept of study debt aversion. The study debt aversion hypothesis is that different social groups may tend to respond differently to the idea of taking on large amounts of debt – even if it is supported by a progressive income contingent repayment option. While an upper-middle class school leaver may not be put off by a large study debt, a low income mature-age rural students might well be. If it is true then fees (even backed by a loans scheme) will have an impact on the social composition of the student cohort. Studies like Cardak and Ryan are limited by the fact they only look at school leaver entry as opposed to the growing mature age entry component. Nor did they look at rural disadvantage.

Our thesis is not in contradiction with the core Cardak and Ryan's finding that HECS is not a credit constraint on high performing Year 12 completers regardless of their SES status. Instead we are arguing that HECS (and study debts in general) act as a factor that is an aspirational constraint in middle high school which is the time when most students are at the final stages of deciding if they are going to pursue a pathway to higher education or to go on other pathways. Unlike academic economists we are not surprised that working class 15 year olds are disproportionately scared off by large study debts (regardless of the economic rationalism of their models of income contingent loans and private rates of return) and opt for other pathways that lead to quicker employment and financial independence.

A University of Ballarat study<sup>16</sup> of Victorian rural Year 10 students provides insights into the negative impact of HECS and other study costs on the aspirations of disadvantaged middle high school students:

---

<sup>15</sup> Buly Cardak and Chris Ryan, 'Why are high ability individuals from poor backgrounds under-represented at university?' Discussion paper A06.04, La Trobe University School of Business, 2006

<sup>16</sup> Golding B et al, 'Everything Is Harder' - Participation in Tertiary Education of Young People from Rural and Regional Victoria, School of Education, March 2007, submission to Victorian

*“After the ENTER score achieved, Year 10 students who aspire to university and their parents regard financial factors, specifically the cost of HECS and living away from home, as being the biggest impediments to going to university.”*

In particular the study found that many students who left school without pursuing further education had been influenced by peer reports of high study debts not necessarily leading to high paid professional work (risk based debt aversion):

*Many had stories about peers still at university, who three years on had lost their way, accrued huge HECS debts and had limited prospects of relevant professional work post course.*

*Our data shows that it takes courage for many Year 10 students to step into the unknown and take a definite choice for higher education. Hesitancy about the prospects of university success is likely to occur at precisely the point at which some young people need support and reinforcement... The data leave us with no doubt that rural, regional and peri-urban students along with their parents find the cost of HECS extremely daunting.*

The Universities Australia 2006 Survey of Australian Student Finances found that a significant percentage of students were critical of the ‘levels of debt associated with schemes (and)...questioned whether studying for their degree was worth it, given the debt they will have upon completion.’<sup>17</sup>

NUS argued that to the Bradley Review that targeted HECS discounts can have a part to play in improving access from disadvantaged communities (alongside effective outreach programs to early-middle secondary schools, income support reform and progressive university entry policies). This wasn’t taken up by the committee but we still believe that it is a relevant consideration in understanding rural disadvantage.

## **Voluntary Student Unionism**

An inclusive campus culture enhances the retention of rural students. A study conducted shortly prior to the introduction of VSU found that that students from rural backgrounds tended to work more collaboratively and experience a stronger sense of belonging to a learning community (58 per cent of rural students compared with 49 per cent of urban students). Rural students also expressed more interest in the extracurricular activities on campus.<sup>18</sup>

The Parliament of Victoria’s Education and Training Committee recently stated:

*“The Committee agrees that student support services will need to be expanded and strengthened as participation in higher education increases.”<sup>19</sup>*

---

Parliamentary Inquiry into Geographical Differences in the Rate in which Victorian Students Participate in Higher Education

<sup>17</sup> James R, Bexley E, Devlin M and Marginson S, *Australian Student Finances 2006: Final Report of a National Survey of Students in Public Universities*, Universities Australia, 2007

<sup>18</sup> Department of Education Science and Training, *The first year experience in Australian universities: findings from a decade of national studies* (Krause K, Hartley R, James R and McInnis C, Centre for Study of Higher Education, University of Melbourne), Jan 2005, pg.70

<sup>19</sup> Parliament of Victoria, Education and Training Committee, *Inquiry Into Geographical Differences in which Victorian Students Participate in Higher Education*, Final Report, July 2009, pg 215

Unfortunately the funding for on campus student support and extra-curricular life has been gutted by the mis-named voluntary student unionism legislation. The *Higher Education Support (Abolition of Compulsory Up-front Student Fees) Act 2005* actually prohibits universities from making any compulsory charge for non-academic services (even those that are not run by a student union). The ALP's limited repeal (that allows universities to collect an income contingent deferred charge of up to \$250 but cannot be used to fund representation or advocacy) appears to be stalled in the Senate.

Some of the bigger universities have diverted money from their teaching activities to maintain essential student services and extra-curricular activities. However, even a comparatively well off sandstone metropolitan university such as the University of Melbourne is linking this on-going financial drain as a factor behind its proposed retrenchment of hundreds of university staff.

While VSU has had a devastating effect on all universities and students, these effects have been exacerbated in regional communities. Regional universities have less money than large city-based universities to divert from core teaching and research activities to subsidise the continuation of student services, culture and representation. They also tend to be based smaller campuses with less opportunities to cross-subsidise non-profit activities with commercial income streams.

Students don't just need services and sports infra-structure. They also need a voice. Regional students face a variety of circumstances that affect their welfare, learning and financial situation differently from typical suburban students. Regional students deserve to have an effective mechanism to be able to raise their issues with university and quality assurance bodies as well as state and federal governments.

The legislation has led to the near collapse of student representation on many rural campuses. On some campuses such as Charles Darwin the representative services, independent academic advocacy, and the funding for student controlled culture have collapsed. National peak student bodies such as NUS and CAPA have lost the bulk of their funding from affiliates to represent the interests of rural students to government and peak sector bodies.

**RECOMMENDATION: 3. That campus-based student-run representation, services and amenities that assist in retaining rural and regional students at university receive long term funding after being decimated by VSU**