



**Isolated Children's Parents' Association of Australia (Inc).
"Access to Education"**

Submission

to the

Senate Select Committee

into the Abbott Government's Budget Cuts

from the

Federal Council

of the

Isolated Children's Parents' Association of Australia Inc.

ICPA (Aust)

August 2014

The Isolated Children's Parents' Association of Australia - ICPA (Aust), is a voluntary, parent body, dedicated to ensuring all rural and remote students have equity of access to a continuing and appropriate education. This encompasses the education of children from early childhood through to tertiary. The majority of member families of the association reside in geographically isolated areas of Australia and all share a common goal of access to an appropriate education for their children and the provision of services required to achieve this. Children may be educated in small rural schools, by distance education, attend boarding schools or school term hostels and sometimes have access to early childhood services. Tertiary students whose family home is in rural or remote Australia frequently must live away from home to access further education.

Key areas of impact on young people and students in relation to the Budget Cuts

Within the 2014 Commonwealth budget, changes have been announced which will impact greatly on the ability of our members' families to readily access various levels of education. We will address our comments on budget cuts to point (j) of the Terms of Reference - impact of the budget on young people and students.

Students from rural and remote Australia are an under represented group in the tertiary study area. Any changes to financial assistance or incentives which further impede this group's ability to access the tertiary study area, is of major concern to our organisation.

Parental Income Free Area.

For those families whose assets are below the Family Assets Test threshold, a budget change will impact on payments which would be received over the next two years. The Parental Income Free Area - above which parental income reduces Youth Allowance (YA) and the Assistance for Isolated Children (AIC) additional Boarding Allowance, for dependent students - is to be frozen for two years at the 2014 level. This will be at approximately \$48,000.

Usually the Parental Income Free Area is indexed by the Consumer Price Index (CPI) each year and would have increased to \$50,510 for 2015. If the legislation for change is passed, YA and the AIC additional Boarding Allowance levels of assistance will be affected. Payments will not increase as much as they should if the parental income remains similar to that of the previous year.

Changes to Student Payments

Students who make an effort to work to support themselves by adding to their Youth Allowance payments will be greatly disadvantaged by the move to freeze the indexation of the personal income free area of student payments (currently \$415 per fortnight) and the student income bank (currently \$10,300) from 1 January 2015 for three years. During this time, living costs will continue to rise yet students will be penalised in their efforts to increase their savings to enable them to meet their financial commitments while studying if they attempt to work any additional time to cover increased living costs.

Current students planned and entered tertiary study under the current Youth Allowance and scholarship rules, knowing what their entitlements would be. Removing the grandfathering

of payments of the Student Start-up Scholarship from 1 January 2015 will affect decisions students have already made with regard to managing their financial situation. It allows little time for students to review and make other financial arrangements to minimise the impact of these changes on their individual situations if they do not wish to incur an increased debt load by undertaking a Start-up Loan. Continuing to add to student debt is making tertiary study less appealing to students who worry about their ability to pay and take on debt.

Deregulation of University Fees

The Senate must ensure that the proposed deregulation of university fees does not adversely impact on and consequently result in, tertiary education becoming more unattainable for rural and remote students. This cohort is already disadvantaged by the need to relocate to take up tertiary study which results in high travel and accommodation costs being incurred. Some students have quoted up to \$12,000 in relocation and set-up costs including rent, bond, power, phone, internet and fuel. The proposed deregulation costs resulting in increased fees and increased HECS/HELP debts threatens to reduce access to tertiary education for rural and remote students who have disproportionately lower enrolments in tertiary institutions than metropolitan students. These increased costs are another barrier and risk to their option to attend university.

Commonwealth Scholarships Scheme

ICPA welcomes the introduction of the Commonwealth Scholarships scheme and believes it could address some of the financial issues around affordable access for our members. It is important that students from rural and remote locations are classified as a disadvantaged group within the Commonwealth Scholarship scheme criteria so that assistance is provided to those most in need. Given the high costs that come hand in hand with relocation, it would seem obvious that this group who need to relocate, should then be automatically considered as a separate disadvantaged group requiring assistance to access tertiary education when the qualifying criteria for this scheme is decided on by individual universities.

Start-up Scholarships

ICPA Australia opposes the proposed federal legislation to convert the Student Start-up Scholarship to a Student Start-up Loan. Access costs are a major reason why rural and remote students are not participating in tertiary education at the same rate as their metropolitan peers who can often live at home while attending university, at a much lower cost than living costs for rural students who need to move away from home to access a tertiary institution. Many of these students cannot qualify for the Relocation Scholarship, currently available to a student receiving Youth Allowance at the dependent rate. Students receiving independent Youth Allowance, still have to relocate to attend university and live independently of their parents. Passing this legislation will further increase the cost of accessing tertiary education for rural students, increase the level of debt of our graduating students and further widen this gap in the participation rate in tertiary studies by rural students.

If the Student Start-up Scholarships convert to a loan, ICPA requests that existing rural and remote tertiary students (prior to this date) are grandfathered and they retain the Start-up Scholarship for the duration of their course. Rural and remote students accessing a tertiary

education are already financially disadvantaged and have welcomed the existing Start-up Scholarships to alleviate the burden of purchasing much needed books and other start-up costs related to their chosen course. They should not be further burdened by having to allow for this change over to a loan from 2015 onwards.

HECS/HELP Loan Repayment

Changes to the HECS /HELP loan structure will become too great an impediment for some rural and remote students to give consideration to going to university. This proposal to change the HECS payment to a loan is a regressive proposal.

The change to the calculation of interest on these HELP debts so that interest is indexed at the Treasury 10 year bond rate (to a maximum of 6.0% per annum) rather than the Consumer Price Index (CPI), will act as an inhibitor to those wishing to take on tertiary study, not as an encouragement. Knowing that the debt will be incurring real time interest (capped at 6%), will only add to the pressure students face while they are undertaking study.

Often students return to rural areas to help strengthen their communities with the knowledge they have gained in their chosen fields e.g. in the areas of medicine - country GPs and veterinary science. Some of these young adults find employment difficult due to periodic regional downturns or they may have to wait for some time before securing a position in the bush and while working towards employment, their HECS/HELP debt would be increasing even though they may have a limited income. One consequence will be the loss of these young people to the urban centres where they can earn more and pay off their debt sooner. Young women taking time off from the workforce to start a family, would find their debt continuing to increase while they are not in a position to reduce it.

As an incentive to repay a Commonwealth supported place debt in a timely manner, the government must consider the reintroduction of the 20% discount applying to the up-front payments of HECS. This is a win-win situation for both the government and students as it would provide an incentive for students to pay their HECS when they are studying if they are in a position to do so and thus provides the government with cash flow. Without an incentive, there is nothing to encourage a student to pay their HECS debt while still undertaking study.

ICPA thanks the Senate Select Committee for the opportunity to submit to the Inquiry into the Abbott Government's Budget Cuts and urges all Committee members to consider the necessity of enabling rural students, wherever their family home, the ability to access an appropriate tertiary course. ICPA would be pleased to offer further information on the impact additional costs will have on students from rural and remote Australia.