

Submission to
**The Education, Employment and Workplace Relations
Legislation Committee**

Inquiry into Social Security Amendment (Income Support for
Regional Students) Bill 2010

from the

**Isolated Children's Parents' Association
of NSW Inc.**



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Introduction

The NSW State Council of the Isolated Children's Parents' Association, (ICPA-NSW), welcomes the opportunity to have input into the Education, Employment and Workplace Relations Legislation Committee Inquiry into *The Social Security Amendment (Income Support for Regional Students) Bill 2010*.

ICPA-NSW supports the bill which seeks to extend youth allowance payments to eligible students whose home is located in the "Inner Regional" zone of the Australian Standard Geographical Classification – Remoteness Area map.

The proposed amendment will provide fairness and equity to all regional students by including those who live in the "Inner Regional" zone and will enhance the opportunities available to them by allowing them to access the independent rate of Youth Allowance under the same eligibility criteria available to students living in Outer Regional, Remote and Very Remote zones.

ICPA-NSW believes the bill will improve equity of access to tertiary education and provide vital financial support for regional students who must move significant distances away from home for tertiary study.

Background

ICPA-NSW is a voluntary parent body dedicated to ensuring all geographically isolated students have equity of access to a continuing and appropriate education. It encompasses the education of children from early childhood through to tertiary. Member families of the association reside in rural and remote NSW and all share a common goal of access to education for their children and the provision of services required to achieve this. Members' children are educated in small rural schools, at boarding schools, school term hostels and by distance education. Students wishing to study at a tertiary level always need to live away from home to do so.

Access and affordability of tertiary education for rural and regional students

Members are reporting with increasing urgency the problems their children face when trying to access and afford tertiary studies. Students' difficulty in gaining income support and the inadequacy of income support measures for studying and living away from home are major obstacles deterring participation in tertiary studies.

Students from rural and regional Australia have the same aspirations as their urban counterparts when it comes to attaining a tertiary qualification. However statistics show that they are completing tertiary studies at a much lower rate than students who live in an urban environment and can remain living at home whilst attending a tertiary course of their choice. The inadequacy of income support measures are cited as one of the main reasons regional students are not choosing and completing tertiary study.

It is ICPA-NSW's contention that the majority of students from rural and regional NSW, including Inner Regional areas, must relocate, just like students in Remote and Very Remote Australia, to access any form of tertiary studies. This relocation automatically makes Inner Regional students independent of the family support that is available compared with students studying while living in a moderately well-off family home in urban areas.

In moving away from home, the Inner Regional student must make day to day living, education, work and health decisions independently of their family. In the majority of cases, the student must also earn an income to support themselves to cover the extra expenses of living independently and distant from home even if they are receiving some limited financial support from their family.

ICPA-NSW believes all students, irrespective of where they live, should have the opportunity to receive the education they require to participate to their full potential in the social, economic, political and cultural life of the community.

ICPA-NSW looks towards to an improvement in the equitable treatment of students seeking income support for tertiary study that does not disadvantage Inner Regional students in the pursuit of their educational goals. These students are also part of the future of regional and rural Australia.

Key Points

The high costs of living away from home for tertiary education - Current income support for students, including students from the “Inner Regional” zone, who study long distances away from home is insufficient.

The living and study costs of a student who has had to leave home to live in a metropolitan city while attending tertiary studies is approximately **\$20 000 per annum**, which equates to \$800 per fortnight. The estimate includes the cost of food and board, general living costs, travel, texts and other associated study costs. The cost is slightly lower if the student lives and attends a tertiary institution in a regional centre. (Ref: *Regional Young People and Youth Allowance: Access to Tertiary Education*, Naomi Godden with the The Centre for Rural Social Research and Monash University Department of Social Work, 2007)

Assuming that a student can qualify for the full rate of Youth Allowance (YA), \$377, and rent assistance, \$77, then YA as an income support payment provides only \$454 per fortnight. Students need to be able to find part-time casual work to the value of at least \$350 per fortnight - nearly 20 hours at \$20 per hr - to raise additional funds to support themselves.

The difficulty of combining part-time work with heavy course loads and the availability of suitable part time work mean that students who have to live away from home may not be able to adequately support themselves while studying.

Heavy study loads for particular courses often prohibit students from being able to work the hours to sufficiently supplement their income support payments. Science/ medicine/ pharmacy/ veterinary science/ agriculture/ education courses often have 30 hours or more face-to-face lectures and tutorial time. Study time to complete set assignments and prepare for exams is additional. For these students, it is impossible to hold down a part-time job in order to support themselves. Many students live and study in an environment where there is little casual work available.

Financial constraints are a major barrier to continuing or commencing a course of tertiary study if a student must travel away from home to study.

A study of student engagement released by ACER (Australian Council of Educational Research) in April 2009 found that students from remote backgrounds report higher than

average intentions of leaving tertiary study before completion of their course. Students are more likely to leave for financial reasons.

Rural families including families living in Inner Regional zones bear extra costs for students living away from home to study. These extra costs can be a constraint on rural and regional students pursuing a course of tertiary study.

Additional financial support needed by students to live independently from the family unit many kilometres from home is usually met by the family. There is a need to encourage and fulfil the educational aspirations of rural and regional families so that they are not led to believe that distance from a tertiary institution should influence the decision to follow a tertiary education pathway.

Families considering supporting a student at a tertiary institution away from home often have the costs of providing a secondary education for younger siblings. If a family's cost burden in education is too great, this can impact on a student deciding to commence or continue tertiary studies away from home.

Current income support for Youth Allowance is less than other income support measures. What is cheaper about a student supporting themselves than a jobseeker's cost of living – the income support to both individuals should be the same.

The level of income support provided to full time students falls short of that provided under other benefits. The highest rate of payment that singles can receive from YA is \$377.00 per fortnight. This is well below the current Newstart Allowance for singles of \$469.70 per fortnight. The lower rate for Youth Allowance must act as a disincentive to encouraging young people to participate in higher education. This is counter to the Government's stated aim of increasing the participation of rural and regional young people in higher education.

The real value of the Youth Allowance payment has not been altered since its inception in the early 1990s. The only rise has been annual Consumer Price Index increases. Hence the Youth Allowance payment has decreased in value compared to other support payments made by the Federal Government - students have been ignored. A substantial increase in the rate of payment for YA similar to the rate of the Newstart Allowance would go a long way towards helping all rural and regional students gain their tertiary qualification.

Dependant Youth Allowance is heavily reduced by small increases in parental income and this unfairly impacts on Inner Regional students who must leave home for tertiary study.

The dependent rate of Youth Allowance is not an adequate income support measure for students who must leave home to enrol, attend and study a course of their choosing at a tertiary education provider.

A student may now qualify for some extra Youth Allowance payment under the relaxed family income guidelines but a portion of the dependent away-from-home youth allowance payment will not adequately support a student who is not living at home. The amount of student income support received will be typically and substantially less than the full independent away from home rate.

The maximum rate \$454 per fortnight is only available for dependent away-from-home Youth Allowance recipients if the parental income is at or below \$44 165 pa. Any increase in parental income reduces the rate of Youth Allowance payable to the student. It is misleading to imply that typical dependant Youth Allowance recipients receive the same amount of income support as an independent student. In fact, a small increase in family income causes the rate of YA payment to decrease dramatically, as shown in the table below (assumes one student dependent at university).

Family Income	Youth allowance with rent assistance
40 000	454
50 000	409
60 000	333
70 000	256
80 000	179
90 000	102
100 000	0

The removal of the second and third elements of the workforce participation criteria for Inner Regional students to establish independence in the *Social Security Amendment (Income Support for Students) Act 2010* severely hampers the capacity of Inner Regional students from gaining sufficient income support to commence or continue tertiary studies away from home.

The capacity to find 30 hours of work per week for at least a period of 18 months in small rural communities is limited and in many communities non-existent. Seasonal agricultural work is more readily available, such as during harvest. Access to this form of employment enabled young people from rural areas to become eligible for independent youth allowance during their year of deferral. The fact that the second and third elements of the workforce criteria for independence is no longer available to Inner Regional students constrains their opportunities to commence or continue tertiary study.

The higher barrier to eligibility to independent status for youth allowance for students in Inner Regional zones will reduce the number of students enrolling in tertiary study.

To gain independent Youth Allowance status involves prospective students needing to work an average of 30 hours per week for 18 months out of two years before enrolling in tertiary study. To achieve this, students must defer university courses for two years. The majority of universities only permit deferral of select courses for one year. To have to work for more than one year to gain independence may have serious implications for rural and regional students wishing to access university courses. These potential students may decide to postpone study indefinitely.

The government has already stated that one of the aims of the Education Revolution is to increase the participation of students from rural and regional backgrounds in tertiary education. The introduction of the changed workforce participation guidelines will be hampering the attendance at tertiary institutions of students from inner regional areas. Inner regional students are unnecessarily alienated from other students in Outer Regional and Remote areas due to the difference in treatment by the *Social Security Amendment (Income Support for Students) Act 2010*.

Relocation Scholarships should be for all students who must leave home to study, not just dependant Youth Allowance recipients.

ICPA-NSW recognises the value of the Start-Up Scholarship, which students receive when they are in receipt of any YA payment, and the Relocation Scholarships for dependent YA recipients who must leave home to study at tertiary level.

ICPA-NSW values the recognition that students from rural and remote communities who have relocated to attend a tertiary institution have much larger set-up costs than students who live at home to attend tertiary institutions.

However, there needs to be extra assistance for those independent YA recipients who have had to move away from the family home to study. The Relocation Scholarship for dependent YA recipients was a step in the right direction, but it doesn't go far enough. Most rural and regional students must relocate to study at a tertiary level and they should be eligible for the Relocation scholarship regardless of their independent status.

Conclusion

Government needs to be able to differentiate between students who must leave home to obtain a tertiary education and those students who have been able to attain independent status for Youth Allowance but still reside in the family home while undertaking tertiary study.

ICPA-NSW believes that the criteria for gaining independent status for Youth Allowance has been tightened too stringently against Inner Regional students gaining eligibility for income support for tertiary study in the quest for improving the targeting of income support to students in real need away from those students still benefiting from significant financial support by living in their family home.

ICPA-NSW argues that students from Inner Regional areas are financially constrained in their ability to pursue tertiary education due to their different treatment under the *Social Security Amendment (Income Support for Students) Act 2010*.

Effects of current government measures on prospective students living in inner regional areas

Current government measures dealing with the criteria for eligibility for Independent YA do not adequately provide for students living in Inner Regional zones who must leave home to study. These students need to have the same classification as students living in Outer Regional, Remote and Very Remote zones and have access to the three categories of gaining independence for youth allowance. Some students live in excess of 100 km away from their nearest tertiary institution, let alone an institution offering the course of their choice and must incur significant extra costs living independently of their family in order to study.

Inner regional students are penalised by their reduced ability to become eligible for the independent rate of Youth Allowance due to the longer period of full-time work to become eligible compared to students from “Outer Regional, Remote and Very Remote zones” and are less able to undertake the financial commitment of living away from home for tertiary study. This will affect enrolments by inner regional students.

All rural and remote students should be assessed as independent when they leave home to access tertiary studies.

The YA guidelines need to include a category that specifically isolates and identifies students who must leave home to study at tertiary level. ICPA-NSW proposes that such a measure could be the introduction of another category in the list of individual circumstances under which young people can establish independence. This new category could be ‘*must leave the family home to attend a tertiary institution*’ and the home postcode would verify that to attend a tertiary institution the student must leave the family home.

Summary and Recommendations

Many students from “Inner Regional” Australia still live in excess of 100 km from their tertiary institution and therefore have to move away from their family home to access their studies. For these students to be treated equitably and fairly, ICPA-NSW recommends that the following be adopted:

Recommendation 1: That the *Social Security Amendment (Income Support for Regional Students) Bill 2010* be adopted by The Senate, which inserts the wording “Inner Regional Australia” in paragraph 1067A (10E) (a) and after ‘Remoteness Structure as’.

For all rural and remote students, ICPA-NSW recommends the following:

Recommendation 2: That the Youth Allowance guidelines include an additional category in the list of individual circumstances under which young people can establish independence, which specifically identifies students from regional, rural and remote areas who must leave home to study at tertiary level.

Government needs to be able to differentiate between students from rural and remote areas who must leave home to obtain a tertiary education, and those students who have been able to attain independent status for Youth Allowance but still reside in the family home while pursuing tertiary studies. Home postcodes can identify students that must move away from home for tertiary study as they did for the selection of Commonwealth Accommodation Scholarship recipients in the past.

Recommendation 3: That students from rural and remote Australia who have to leave home to study at a tertiary institution are eligible for the independent rate of Youth Allowance.

Young people in full time study, who do not live in the family home and have had to relocate to access tertiary studies, should receive the independent rate of Youth Allowance.

Recommendation 4: That Relocation Scholarships be provided to all Youth Allowance recipients who have to relocate to study.

The fact that Relocation Scholarships are only available to dependent YA recipients who leave home to attend a tertiary course of their choice is inequitable. Relocation is a necessary step for most rural and regional students, whether they are classified as dependent or independent for YA purposes.

Recommendation 5: That the rate of Youth Allowance be increased to match other income support payments like Newstart Allowance.

The costs of supporting an individual undertaking study should not be considered less than the living costs of a jobseeker. Youth Allowance should be increased to match other income support payments.