



Isolated Children's Parents' Association of Australia (Inc)

**FEDERAL COUNCIL
"Access to Education"**

SUBMISSION

to the

Senate Rural and Regional Affairs and Transport References Committee

on the

**Social Security and Other Legislation Amendment
(Income Support for Students) Bill 2009
from**

**Federal Council
of the
Isolated Children's Parents' Association of Australia Inc
ICPA (Aust)**

October 2009

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The Federal Council of the Isolated Children's Parents' Association of Australia, ICPA (Aust), welcomes the opportunity to have input into the Senate Inquiry into Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009. ICPA will comment on each of the four proposed new measures.

ICPA 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 Australia and all share a common goal of access to education for their children and the provision of services required to achieve this. Our children are educated in small rural schools, at boarding schools and by distance education and they may have access to early childhood services. Students wishing to study at a tertiary level almost always need to live away from home to do so.

Access and affordability to education from early childhood to tertiary education is of paramount importance to rural and remote families. There are over 5,000 ICPA members who reside in rural and remote Australia. These members are reporting the increasing difficulty they are having accessing and affording appropriate secondary and tertiary education for their children. Students wishing to access an appropriate tertiary education must, as a rule, relocate from their homes and their families in order to access most education institutions. This involves substantial upfront costs which are often out of the reach of students and their families. In many cases students choose not to participate and hence do not reach their full educational potential.

Unlike students from rural and remote areas, the majority of metropolitan tertiary students do not have to leave home to access their studies. In addition to enrolment costs, many rural students need to find accommodation and finances to assist them to relocate. Assistance from the Government is again dependent on each student's situation and affects their eligibility to receive Youth Allowance. If the proposed criteria for independent Youth Allowance eligibility take effect, rural and remote students will have to defer university studies for two years. Currently, most universities will not allow for a two-year deferment. This will dramatically affect the number of rural students attending university.

Students will become less inclined to pursue higher education if they are forced to work full time first and remain away from the study environment for two years. Studies have shown that on completion of their university studies, rural and remote students are more likely to return to their communities or another rural community to seek employment than non-rural students. Rural and remote students who choose to study at TAFE or commence an apprenticeship are faced with similar challenges in accessing financial assistance for relocation and eligibility for Youth Allowance. Rural and remote students need to be encouraged to pursue post secondary education and receive financial assistance to access study options.

ICPA's submission to the Review of Australian Higher Education, conducted by Professor Denise Bradley, stressed the need to identify rural and remote students as a distinct disadvantaged group for assessing independent Youth Allowance. The only choice to study for many is to relocate from the family home. The proposed changes to student income support partially address this issue. However the proposed implementation time frames negate many immediate benefits to students. It is critically

important that the Federal government address the distinctive and onerous disadvantage that relocation brings to young people and their families.

First Measure

Educating rural and remote students at metropolitan secondary schools, universities or TAFE requires a significant financial commitment by the family and the students themselves. Students who need to relocate often face the prospect of having to move hundreds of kilometres away from home. Their family has to generate enough 'after tax' income to pay for the following expenses:

- 1) Relocation expenses.
- 2) Boarding/accommodation expenses, which often includes a bond with rental accommodation.
- 3) Tuition/university expenses.
- 4) Travel expenses (including family visits).
- 5) Communication expenses (telephones etc).
- 6) Living expenses (food etc).

Such expenses place an enormous strain on the student and their family's financial resources.

In addition to the financial barrier to access post-secondary education or training, students are physically and emotionally isolated from the support networks that their family and friends can offer them. This means a student has to manage study, balance their study and work commitments and cope with the requirements of living independently. It is often too far and too costly to return home at weekends to maintain this physical contact. The negative emotional impacts endured by rural and regional students and families, in the situation of a student needing to relocate to pursue their education, must also be recognised.

Currently many students defer their study to take a gap year. This year is spent working full time to earn sufficient funds to support themselves during their time undertaking study, in addition to meeting the current independent criteria for Youth Allowance of earning \$19,532 during 18 months within a two-year period. ICPA would like to acknowledge the government's recent decision to allow 2008 school leavers to qualify under the current criteria until June 30th 2010. Deferment of study, however, is not always an acceptable option. Some courses are not able to be deferred and academically some students are better suited to maintaining continuity of academic application and moving directly from school to tertiary study.

This proposed change to the workforce participation criterion for establishing financial independence for Youth Allowance has thrown rural and remote students' tertiary hopes into disarray and caused some despair. Earnings of \$19,532 over an 18-month period no longer will establish a student as independent. Instead, independent status requires working 30 hours per week for at least 18 months during any period of two years. Eighteen months full time employment in many parts of rural and remote Australia is simply unavailable. If employment is available locally it is frequently seasonal in nature, which will not satisfy the government's proposed new criteria. This will lead us to the ludicrous position of our rural and remote youth having to move away from home in order to gain employment so as to establish themselves as independent for Youth Allowances purposes.

Second Measure

The Government has proposed an increase to the personal income threshold for Youth Allowance to \$400 per fortnight from July 1 2012. It will increase a student's earning capacity per fortnight before their Youth Allowance payments are affected. This proposal is a positive initiative but the time frame of July 2012 is too far out to be of benefit to a whole cohort of students who have commenced study this year and may have completed these studies prior to this initiative having any affect. The Government has clearly stated their wish for these measures to be revenue neutral in light of the current financial downturn. ICPA believes that recent announcements by both the Chairman of the Reserve Bank and the Federal Treasurer indicate that this downturn is nowhere near as severe as first thought and hence the timeframe for introduction of an increased personal income threshold should be brought back to the original date of January 2011.

The Parental Income Test threshold will be increased with the aim of more students qualifying for dependent Youth Allowance. Students who already qualify as dependent will receive higher benefits. Unfortunately the Government has failed to address the fact that the net value of many rural businesses is worth more than the cut-off level of \$2,286,000, even if the business has not made a profit. These assets, usually pastoral or farming land, are not easily or quickly saleable, and in some cases, the land tenure system in place means that they cannot be legally subdivided for sale. A large proportion of our isolated students, who come from families with little income but large asset bases, will not be eligible to receive Youth Allowance or associated benefits. Many students, who would have qualified for independent Youth Allowance under the current criteria and received the full rate of Youth Allowance, will not be able to do so if the proposed workforce participation criteria changes are adopted.

Third Measure

The Review of Australian Higher Education stated that the additional living and study costs associated with higher education enrolment, particularly for those students who needed to move away from home to study, were considerable. Feedback from ICPA members also indicates that the current Youth Allowance measures for student income support do not adequately recognise the extra costs incurred by a rural or remote student attempting to access higher education. Narrowing access to support mechanisms and ever-increasing costs (living expenses, rent, college fees, travel and fuel) are rapidly multiplying the difficulties involved in accessing studies so far away from home.

Employment opportunities in many rural towns are often not available, especially for youth who are relatively unskilled. If the student moves away from home to find a job, then there is very little prospect of them making the necessary savings to fund their university entry. Meeting this single new workforce participation criterion will prove extremely difficult and unfeasible for our rural and remote students, and drive tertiary study further out of their reach.

ICPA requests that the Federal Government establish a tertiary access allowance for all students who need to relocate to study. A tertiary access allowance would provide assistance to students to access their place of study. The allowance would not be classed as income and would thus not impact on a student's eligibility for existing support payments such as Youth Allowance. Access would include securing a place of accommodation, assisting with relocation expenses, travel and other set-up costs

associated with leaving home to study. This initiative would make a significant contribution to the affordability and accessibility of a tertiary education for students in non-metropolitan Australia. It is essential to provide equity to students who need to move away from the family home to access their chosen path of study.

The extension of the Commonwealth Scholarship Program to include National Accommodation Scholarships, for students relocating interstate to study specialist courses not available near their home, demonstrated that the Government was aware of access and associated relocation costs. The Government has suggested that assistance is needed for students who have to move interstate (e.g. from Alice Springs to Adelaide) but has not acknowledged these costs if they need to move vast distances intrastate (e.g. from Mount Isa to Brisbane).

The establishment of the Indigenous Access Scholarship, (IAS), which aimed to improve higher education access for indigenous people, particularly those who needed to relocate from rural and remote areas, was further acknowledgement by the Government that there are additional costs incurred by students who must move away from home in order to study at the tertiary level. It is clear that indigenous students are not the only residents of rural and remote Australia who must relocate in order to access a suitable tertiary institution and support mechanisms must be put in place for all students.

Rural and remote apprentices also experience disadvantage in their efforts to skill themselves. It is necessary for the majority of these young apprentices to relocate to a larger centre to access businesses with the capacity to train them. They too incur significant costs when relocating the considerable distance from their family home, accessing accommodation and setting up and maintaining this accommodation. Most of these apprentices incur further costs when attending TAFE placements. TAFE institutions are often hundreds of kilometres away from the apprentice's workplace. Consequently the cost of travel and additional accommodation are a significant impost and often impossible to fund without outside help from employers or family.

The Living Away from Home Allowance (LAFHA) for apprentices does not reflect the real cost of living for a person in their unique situation. Currently first year apprentices are eligible for \$77.17 per week, second year apprentices for \$38.59 per week and third year apprentices for \$25 per week. The gap between this allowance and the actual cost borne by rural and remote apprentices living away from home is substantial. At a time of financial uncertainty, it is essential that our young people pursue further training in vocations of their choice. Affordable access to this training is essential to build sustainable rural and remote communities. ICPA requests that urgent consideration be given to an increase in the LAFHA for apprentices from rural and remote areas to reflect their actual cost of living expenses.

Tertiary participation by regional, and particularly rural and remote, Australians has been declining for many years when viewed as a comparison with urban peers. The greatest barrier to access to higher education is the lack of adequate financial means to fund the access. The Centre for Rural Social Research at Charles Sturt University has recently reported that living away from home costs a student up to \$20,000 a year and that start up costs are up to \$6,000 a year. The support mechanisms of Youth Allowance, and part-time work that many students undertake, contribute to supplementing the living costs of students once they actually have the financial ability to access their chosen tertiary institution. ICPA believes that the proposed changes to Youth Allowance will not

adequately address this. The discontinuance of Commonwealth Scholarships will impact on our students and there is little recognition of the increased access costs incurred by rural students.

The majority of independent students are unlikely to qualify for the proposed Relocation Scholarships as they will only be available to independent students if they are disadvantaged. Restrictive criteria surround the current classification of the term 'disadvantaged' for social security purposes. This will result in many rural and remote students being unable to afford the cost of attending a tertiary institution.

Fourth Measure

Another proposed measure announced by the Government is to align the treatment of equity and merit based scholarships up to the value of \$6,622 with current Commonwealth Scholarships from 2010. These scholarships will become exempt from treatment as assessable income for means testing. This positive measure will assist students in being able to access further education and ICPA would like to acknowledge this constructive new measure.

On the other hand, the proposed cessation of the Commonwealth Accommodation Scholarships will significantly disadvantage rural and remote students. At present students who qualify for a Commonwealth Accommodation Scholarship receive \$4,415 per annum, so over a 4-year degree a total of \$17,660 would be received. Under the new proposal, a Relocation Scholarship will be available, mainly to dependent Youth Allowance recipients, with \$4,000 available for the first year of eligibility and this amount reducing to \$1,000 for each year thereafter, giving a total of \$7,000 over a 4-year period. A Student Start-Up Scholarship of \$2,254 for all university students receiving income support is proposed to be available in 2010. In spite of these initiatives, the result will be a greater expense for rural and remote families, with a large number of students unable to access the university gate.

The report 'Regional Young People and Youth Allowance: Access to Education' (Godden 2007), found that the strict eligibility criteria for Youth Allowance is the key barrier to accessing a tertiary education for rural young people. Students who do meet the criteria and who must live away from home cannot manage on Youth Allowance alone. Students are reporting that the current allowable income bank for Youth Allowance of \$6,000 is too low, rent assistance has not risen in tandem with rises in rent and additionally, the student personal income threshold is too low to enable them to meet on-going living costs. The increase to the student income bank from \$6,000 to \$10,000 is a welcome measure in addition to the increased personal income threshold. The downside is the time frame of 1st July 2012 for the introduction. This is just too far away to ensure the greatest benefit for students, as detailed earlier in our submission.

ICPA believes that the rural and remote students, who do not have daily access to affordable and appropriate education, should be acknowledged as a separate equity group. Although their education needs are the same as their urban counterparts, the cost of accessing such an education is high and they can suffer educational disadvantage as a result. It is imperative that the disadvantage they face when trying to access and participate in appropriate tertiary education is addressed as a result of the Review into Higher Education as well as this and other Senate Inquiries.

It is essential that the young people from rural and remote areas are encouraged and supported in their pursuit of education and training. They are the future of a sustainable rural and remote Australia. Access to tertiary education for rural and remote students needs an immediate injection of funds, to allow for a catch up in an area of education that has been underfunded by governments for too long, to enable more students from these areas to undertake higher education. The Government has stated that the initiatives they are introducing need to be cost neutral. This is the very problem which plagues this educational sector. It already lags behind its metropolitan equivalent, so any initiatives which require long lead times before they are introduced will do little to alleviate the immediate problems faced by students in this sector. A funding boost is required as a matter of urgency and further to this, additional funding is required to move the rural and remote sector ahead, through the establishment of means to provide greater access to higher education by what is currently a significantly under represented sector.

ICPA would welcome further interaction with the Senate Rural and Regional Affairs and Transport References Committee on this important issue of the government's proposed "Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009".