



SUBMISSION TO THE SENATE RURAL AND REGIONAL  
AFFAIRS AND TRANSPORT REFERENCES COMMITTEE

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

Deakin University

October 2009

## 1. INTRODUCTION

Deakin University welcomes the opportunity to make this submission to the Senate Rural and Regional Affairs and Transport References Committee with respect to the **Social Security and Other Legislation Amendments (Income Support for Students) Bill 2009**. Deakin University is encouraged by the proposed changes which complement the University's Mission and Core Commitments. These include a core commitment to "equity and access for individuals and groups who might not otherwise enjoy the benefits that flow from participation in higher education."<sup>1</sup>

### 1.1 Addressing disadvantage

The higher education access rates for regional and remote, Aboriginal and Torres Strait Islander and low SES students are well below those of metropolitan students. These concerns were documented in the 2008 **Review of Australian Higher Education** which raised concerns regarding the failure of the previous Commonwealth Scholarships Program to increase the participation of students from targeted equity groups. The Review Report observed that:

"In 2004 the Commonwealth Scholarships Program was introduced and in 2008 it provided about \$118 million worth of scholarships to help with the costs of higher education for low socio-economic status, rural and Indigenous students. However, this program does not appear to have helped improve access for these key groups."<sup>2</sup>

As the **Review of Higher Education** highlights, developing aspiration in the secondary school years and providing support post enrolment are critical determinants of student recruitment and progression in higher education respectively. Student access to, and engagement in, higher education is determined by complex matters; it is influenced by multiple forms of disadvantage. Accordingly, any changes to the relevant Acts must be coterminous with additional support to those universities that engage with schools and vocational education providers to increase the number of students from designated equity groups participating in higher education.

## 2. ISSUES RAISED BY THE BILL

### 2.1 The Four Principal Measures

Deakin University is encouraged by the four measures that are the cornerstones of the Bill. The measures are consistent with the reforms proposed in the **Review of Australian Higher Education**. They are likely to improve access and equity by addressing the major deterrents to university study amongst disadvantaged people.

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<sup>1</sup> *Delivering Effective Partnerships* 2009, Deakin University Strategic Plan, p. 3.

<sup>2</sup> Review of Higher Education, December, 2008, p. 36.

### **2.1.1 Criteria upon which a Youth Allowance recipient is considered to be “independent”**

Deakin University supports the Commonwealth’s decision to lower the age at which an individual will be automatically considered “independent” from 25 to 22. This will address a deficiency in the current system which has a detrimental impact on the financial capacity of young people to undertake university study.

The University is of the view that, while lowering the age of independence to 22 is desirable, the Commonwealth could consider a further reduction in the age of independence to address the comparatively high university deferral rates of Australian school leavers in regional and remote areas compared with their urban peers. Corrective action may encourage improved Year 12 retention rates among regional students.

### **2.1.2 Changes to means testing, taper rate and personal income free area for Youth Allowance and Austudy**

Deakin University supports the Commonwealth’s proposals to increase the parental income threshold from \$32,800 to \$44,165, to change the taper rate to 20% and to raise the personal income test threshold from \$236 to \$400 per fortnight.

Notwithstanding these comments, Deakin University is concerned that the proposed threshold is only marginally above the current poverty line.<sup>3</sup> Particularly in the case of regional and remote students, the cost of relocating and the ongoing cost of university study can make a significant dent in a household’s disposable income.

### **2.1.3 New Scholarships**

Deakin University applauds the Commonwealth’s initiative to award all students receiving Youth Allowance or Austudy in 2010 a start-up scholarship. This will provide an additional incentive for prospective higher education students. It will also provide a valuable contribution to the costs associated with university study such as text books, equipment and IT requirements.

### **2.1.4 Exempting merit and equity-based scholarships from the income test under social security and veteran’s entitlement legislation**

Deakin University supports the Commonwealth’s measure and concurs with the view that the proposal will provide an incentive to individuals and organisations to fund scholarships while encouraging students to apply for them.

## **3 A CONCERN REGARDING INSTALMENTS**

Deakin University is concerned about one aspect of the administration of the scholarships.

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<sup>3</sup> Melbourne Institute of Applied Economic and Social Research June Quarter 2009 calculates the Henderson Index, an indicator used in Australia since 1973, as \$761.69 per week (\$39,607 per annum) as the current poverty line for a family of two adults, one of whom is working, and two dependent children.

Deakin University has moved to a Trimester model. Traditionally, universities taught in two semesters; because of this, many scholarships are paid in two instalments. At Deakin, students can now choose to study in three trimesters. They can use this to 'fast track' their studies or they can spread a standard, year-long load over the three teaching periods. It is important that these students are not disadvantaged in relation to scholarship payments.

#### **4 CONCERNS REGARDING THE WORKFORCE CRITERION AND THE GAP YEAR**

Deakin University notes that the criterion for independence under Youth Allowance will be tighter. Deakin supports the view that funding should be directed towards those students who need it most.

The University is pleased that in August 2009 the Commonwealth Government announced a set of transitional arrangements for current (2009) gap year students, that is, students who completed secondary school in 2008. We are, however, concerned that students who took a working gap year in 2009 will not meet the workforce independence criterion unless they need to live more than 90 minutes away from home in 2010 to undertake their chosen university course. This is a perverse requirement. It may encourage students to change their choice of university and course for no other reason than to obtain Youth Allowance. It will encourage 2009 working gap year students who live in regional areas that are served by a university campus to move away from home and undertake study at a different university.

So far as students who complete secondary school studies in 2009 are concerned, the new rules will continue to be problematic, particularly for rural and regional students. Obtaining full-time work for a minimum of 30 hours a week on average for at least 18 months in a two-year period will be extraordinarily difficult in most rural and regional areas. Furthermore, a deferral for 18 months will more likely become a deferral of two years as most courses in most universities commence in Semester (or Trimester) One at the beginning of the calendar year. The evidence shows that a large proportion of those who defer do not subsequently take up their places.<sup>4</sup>

Deakin University believes that the workforce participation criteria will impact adversely on rural and regional students who will continue to undertake a working gap year to fund their tertiary studies. Deakin submits that the 18 month rule should be reduced to 12 months for all students and that the 30 hour minimum should be reduced to 20 hours, at least in the case of rural and regional students.

#### **5 CONCLUDING COMMENTS**

Deakin University wishes to increase the participation and success rates of low SES, rural, regional, remote, and Aboriginal and Torres Strait Islander students. The University notes that these cohorts are significantly under-represented in higher

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<sup>4</sup> Polesel, J (2008) *Deferring a University Offer in Regional Victoria (Interim Report)*, Centre for Post-Compulsory Education and Life-Long Learning, The University of Melbourne.

education. One reason for this is the costs associated with university study. The Bill will mean that more students will be able to obtain a degree. Nonetheless, as noted, more needs to be done to understand the complexities around access and participation so as to ensure that these equity groups do not continue to be disadvantaged.

Deakin University encourages the Minister and her Department to engage further with the Higher Education Sector regarding the social inclusion agenda. Our aim should be to ensure that capable individuals who wish to engage in higher education are able to do so. By undertaking and completing university study, these students will be equipped to serve the workforce needs of their local communities and better able to contribute to the Nation's intellectual and human capital.

Professor Sally Walker  
**Vice-Chancellor**

7 October, 2009