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**Australian Government Response**

**to the**

**Senate Standing Committee on Rural  
Affairs and Transport<sup>1</sup>**

**on the**

**Inquiry into Rural and Regional Access to  
Secondary and Tertiary Education  
Opportunities**

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This Australian Government response was coordinated and prepared by the Department of Education, Employment and Workplace Relations (DEEWR)

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<sup>1</sup> As a result of changes made after the August 2010 election, the title of the Committee changed from the Senate Standing Committee on Rural and Regional Affairs and Transport to the Senate Standing Committee on Rural Affairs and Transport



## **Australian Government Response to Senate Rural and Regional Affairs and Transport References Committee *Inquiry into Rural and Regional Access to Secondary and Tertiary Education Opportunities.***

### **Introduction**

The Australian Government notes the findings of the Senate *Inquiry into Rural and Regional Access to Secondary and Tertiary Education Opportunities*. The Australian Government has demonstrated a commitment to improving educational access and opportunities for students and their families who experience geographical disadvantage, through specific initiatives and its broader social inclusion agenda. The Australian Government's vision of a socially inclusive society is one in which all Australians feel valued and have the opportunity to participate fully in the life of our society.

The importance of this issue is highlighted by the large number of submissions to the Inquiry (over 750), including one by the Australian Government Department of Education, Employment and Workplace Relations (DEEWR). As outlined in the DEEWR submission, "rural and regional students and their families are recognised and targeted by the Australian Government, and State and Territory education authorities, as a group who have special educational needs and may not be adequately assisted through general education assistance". DEEWR's submission discussed Australian Government initiatives that cater for this need. The Committee's report comprised a majority report along with a minority dissenting report by Government Senators. The Government is disappointed that the elements of the minority report appear largely not reflected in the majority report.

The Australian Government believes that every student should have access to a world-class education no matter where they live. In the Commitment to Regional Australia (the Commitment), agreed with the Independent Members Mr Oakeshott and Mr Windsor on 7 September 2010, the Australian Government renewed its commitment to regional education by strengthening national policies to ensure that they effectively meet the needs of students across the country.

The Commitment identifies specific new education and skills commitments and builds on work already underway by the Australian Government. In September 2010, the Office of Regional Education, Skills and Jobs was established, to better drive and coordinate DEEWR's efforts for regional Australia, including those initiatives detailed in the Commitment to Regional Australia. These initiatives have been included below relevant to the specific recommendations.

## Response to Recommendations

### Recommendation 1

The committee recommends that the Australian Government commission an investigation into the barriers to rural and regional secondary educational opportunities with a view to developing a long-term strategy to address the inequity in secondary educational opportunities in rural and regional Australia.

Response: *Supported, initiatives already in place.* As outlined in the Government Senators Dissenting Report, the Australian Government has been proactive in addressing barriers faced by students from rural and regional areas in accessing secondary and tertiary education opportunities.

For example, legislation under the auspices of the *Social Security and Other Legislation Amendment (Income Support for Students) Act 2009* that was passed by the Parliament on 18 March 2010 mean significant improvements for many students and their families living in rural and regional areas in accessing education and training opportunities.

In particular, to assist young people disadvantaged by the geographic location of their home from educational institutions, students living in Outer Regional Australia, Remote Australia, or Very Remote Australia who are required to live away from home to study, are able to access the second and third elements of the former workforce participation criterion. The workforce participation criterion comprise: full-time employment averaging 30 hours or more per week for at least 18 months over a two year period; worked part-time (at least 15 hours each week) for two years since last leaving secondary school; or had cumulative earnings totaling at least 75% of Wage Level A of the National Training Wage schedule included in a modern award (\$21,009 in 2011) in 18 months since last leaving secondary school.

From 1 January 2011, these young people have been able to qualify for payment by meeting any of the three elements of the workforce participation criterion for independence, provided their parents' income is less than \$150 000 per annum (in the case of the second and third elements). With the Review of Student Income Support Reforms now complete, the Australian Government introduced the *Social Security Amendment (Student Income Support Reforms) Bill 2011* on 21 September 2011 to further extend this provision to students living in Inner Regional areas who are required to live away from home to study from 1 January 2012.

The DEEWR submission outlined several Australian Government programs in place that directly assist students living in rural and regional Australia and their families. This is also in the context of the Government's initiatives under the COAG productivity agenda in relation to school retention and increasing the skills base of those entering the workforce. Along with existing assistance, these initiatives already form part of the Australian Government's long-term strategy in this area.

## Recommendation 2

In developing a long-term strategy to address the inequity in secondary education opportunities in rural and regional Australia, the committee recommends that consideration should be given to strategies for ensuring that literacy and numeracy programs, once introduced into schools, are able to be maintained within those schools.

Response: *Supported, initiatives already in place.* The Government Senators Dissenting Report notes the Australian Government has made available funding of \$540 million through the Smarter Schools – National Partnership Agreement on Literacy and Numeracy.

The National Partnership supports states and territories to implement evidence-based practices that will deliver sustained improvement in literacy and numeracy outcomes for all students, especially those who are most in need of support. States and territories, in collaboration with non-government education authorities identified the schools and students to be targeted under this National Partnership. The funding support and reform initiatives to be implemented were negotiated with each participating school.

This National Partnership focuses on the key areas of teaching literacy and numeracy, stronger school leadership and the effective use of student performance information to identify where students need support. This will lead to improvements in literacy and numeracy outcomes for all students, with a priority focus on those primary aged students most in need of support.

Of the schools participating in this National Partnership, approximately 430 (48 per cent) are located in regional Australia. Under this National Partnership, each Partnership school has identified their priorities and developed an implementation plan tailored to the needs of students at that school.

### Recommendation 3

The committee recommends that as part of the investigation into the barriers to rural and regional secondary educational opportunities with a view to developing a long-term strategy to address the inequity in secondary educational opportunities in rural and regional Australia, consideration should be given to whether the current level of funding under the AIC Scheme is appropriate.

Response: Not Supported. The Assistance for Isolated Children (AIC) Scheme helps isolated families of primary, secondary and certain tertiary students with additional educational costs because they are unable to attend an appropriate government school on a daily basis.

The AIC Scheme has five allowance types which are tailored to assist a range of education options for isolated families. The applicable allowance for a student will normally reflect the student's living arrangements while they undertake an approved course. In 2009, 11,098 students received AIC allowances at a cost of \$59.9 million.

As noted in the Majority Committee report, the DEEWR submission points to a variety of payment types with an annual basic boarding allowance of \$7,141 (2011 rate) along with possible additional allowances (for example the Additional Boarding Allowance of \$2,366 in 2011). The Australian Government recognises that the Majority Committee report wishes to consider the appropriateness of the particular rate for each allowance, however the Government believes the Scheme provides adequate assistance to students and their families.

The assistance provided under the AIC Scheme is demand driven and is uncapped, with applications assessed by the Department of Human Services – Centrelink in line with established program guidelines and eligibility criteria. There is therefore no limit placed on the number of families assisted per year, provided they meet the eligibility criteria. The Scheme is funded under a special appropriation authorised under the *Student Assistance Act 1973*.

It should also be noted that assistance under the AIC should not be treated in isolation. For example, as discussed in detail within the DEEWR submission, there are other forms of Australian Government assistance for schools in rural or regional areas and their students.

One notable Australian Government initiative is the Country Areas Program that assists schools and school communities in improving the educational outcomes and opportunities of students who are educationally disadvantaged because of their geographical isolation.

Other Australian Government generic initiatives that assist schools in rural or regional areas include funding for new facilities and refurbishments through the Building the Education Revolution (BER) and the Australian Government's Capital Grants Program for non-government schools. In terms of the latter, the Australian Government provided approximately \$106 million in funding to schools in remote, rural and regional areas in 2008-2011. This includes funding for government schools in 2008 and funding for non-government schools in 2008-2011. From 2009,

Australian Government funding for government schools is delivered through the intergovernmental funding framework under the National Education Agreement (NEA) with states and territories.

Under the Commitment, schools in regional Australia will be the first to receive funding, including a minimum funding entitlement based on the population share, equating to around 32 per cent of available funding. This funding will be in the form of at least \$125 million of the \$388 million of payments being awarded under the Rewards for School Improvement initiative to the schools in regional Australia that have shown the most improvement in student outcomes.

The government has also committed \$480.5 million by 2018 to increase the capacity of schools to make decisions at a local level under the Empowering Local Schools (ELS) initiative. Approximately one third of the 1000 schools expected to participate in ELS over 2012 and 2013 will be located in regional areas. Participating schools will receive start-up grants of \$40,000-\$50,000 to assist them to manage their increased decision making responsibilities effectively.

#### **Recommendation 4**

The committee strongly recommends that the Australian Government introduce a Tertiary Access Allowance for students who are required to move away from home to access tertiary education.

Response: *Not Supported.*

In the Commitment to Regional Australia, the Government noted that it has reformed student income support to expand access by including: 150,000 new scholarships; an increase to the parental income test which will benefit over 100,000 students; and a review of student income support to be brought forward by 12 months.

As identified in the Government Senators Dissenting Report, the *Social Security and Other Legislation Amendment (Income Support for Students) Act 2010*, significantly reformed income support for students. On 1 April 2010, Relocation Scholarships were introduced for eligible university students receiving Youth Allowance or ABSTUDY who have to live away from the family home for study. The Relocation Scholarship assists dependent rural and regional students, in particular, with relocation for study.

The Review of Student Income Support Reforms was presented to the Government on 8 July 2011. The Government tabled the Report in Parliament on 14 September 2011 and introduced the *Social Security Amendment (Student Income Support Reforms) Bill 2011* on 21 September 2011 to eliminate regional eligibility distinctions for Youth Allowance from 1 January 2012.

The *Social Security Amendment (Student Income Support Reforms) Bill 2011* introduced on 21 September 2011 provides for the value of Relocation Scholarships for non-regional students to be \$4000 in the first year they are required to live away from home to study and \$1000 in subsequent years from 1 January 2012. In recognition of the higher costs of relocation for regional students and subject to the passage of legislation, Relocation Scholarship values for eligible dependent regional higher education students will be reset to provide more assistance in the second and third years of living away from home to study. The 2012 values will be \$4000 in the first year of living away, \$2000 in each of the second and third years and \$1000 in any subsequent years of study. The Scholarship is indexed by CPI annually. Many students will also qualify for Rent Assistance.

From 1 January 2012, the value of Student Start-up Scholarships available to university students receiving Youth Allowance, Austudy or ABSTUDY will be reset to \$2,050 in 2012 and indexed by CPI thereafter. The DEEWR submission pointed out that these scholarships would assist with the costs of textbooks and specialised equipment.

The existing reforms also include relaxation of the parental income test threshold and associated withdrawal taper rates increasing access to Youth Allowance and ABSTUDY. As students living away from home also attract a higher rate of payment and generally Rent Assistance as well, this reform particularly benefits rural students, who are more likely to come from low-to-middle income families.



While the Australian Government believes that parents, where they are able, should support their children until they reach financial independence, through the measures contained in the *Social Security Amendment (Student Income Support Reforms) Bill 2011*, students from Inner Regional areas will be able to access independent Youth Allowance and ABSTUDY under the same rules that apply to students from Outer Regional, Remote and Very Remote Areas from 1 January 2012.

Students accessing the second and third elements of the workforce participation criterion must have parental income of less than \$150,000 per annum.

The Australian Government is already providing substantial support for students who need to move away from home to study. The Australian Government considers that a Tertiary Access Allowance as described by the Committee, without any means testing in place, would be costly (impacting on provision in other areas of educational need), inequitable and possibly open to abuse.

## Recommendation 5

The committee recommends that the Australian Government investigate the establishment of a capital works program to assist tertiary institutions to increase the stock of affordable housing for students.

*Response: Not Supported.* The Government Senators Dissenting Report notes that since taking office the Australian Government has committed almost \$5 billion in capital funding for tertiary institutions to support the development and renewal of campus infrastructure.

As the Dissenting Report also notes, the guidelines of the Better Universities Renewal Funding (BURF) and Teaching and Learning Capital Fund for Higher Education (TLC-HE) funds, worth \$1 billion in total, were broad enough to allow universities to spend this on student housing. A number of institutions have taken the opportunity to do so. For example, the Australian National University used \$4 million of its BURF allocation to develop student accommodation on campus.

The involvement of the private sector in the development and/or provision of student accommodation is widespread. For example, a 507 bed student accommodation complex opened by the University of Canberra in 2009 was developed through a partnership between the University and Campus Living Villages. The private rental market, 'homestay' programs and independent residential colleges will also continue to play important roles in responding to the housing needs of students.

In line with the Commitment, the Government will provide \$400 million in funding for the Structural Adjustment Fund: \$200 million to meet universities' capital requirements of \$10 million or more and \$200 million to meet non-recurrent requirements. This funding is to assist universities, particularly those in regional and outer metropolitan areas to adapt to the new student focused university funding system being introduced in 2012.

The Government has also reviewed the Regional Loading paid by the Government to eligible higher education providers in recognition of the higher cost of providing places at regional campuses. In the 2011-12 Budget the Government announced that it would increase the regional loading by \$109.9 million over four years (for a total of \$249.4 million over four years). The regional loading funding will be distributed through a new formula that is transparent and responsive to student demand.

Another potential source of funding for student accommodation is the Education Investment Fund (EIF). While the focus of EIF is on large-scale strategic infrastructure projects for teaching, learning and research, it does not exclude funding for student accommodation if it can be demonstrated that the accommodation is integral to fully delivering the intended outcomes of the project.

## Recommendation 6

The committee therefore recommends that the Australian Government investigate the implementation of a form of temporary income support for students while they are on clinical placements or block release.

*Response: Noted.* The Australian Government has committed, in response to the Review of Student Income Support, to undertake development work on the feasibility and merit of an income-contingent loan scheme targeted specifically at students who are required to move away from home to undertake formal clinical practicums or other formal practicum periods as part of their course.

The Government's reforms to student income support include a Student Start-up Scholarship as an entitlement for higher education students receiving Youth Allowance, ABSTUDY and Austudy. This scholarship, valued at \$2,050 in 2012, is intended to assist with education expenses, including text books, laptops, field trips and practicums or placements.

Students eligible to receive Youth Allowance, ABSTUDY or Austudy will continue to receive these payments while undertaking practicums or clinical placements that are a requirement of their course. Some dependent students receiving the 'at home' rate of Youth Allowance may claim the 'away from home' rate when moving away from home to undertake a practicum. These students may also be able to claim Rent Assistance, but this would depend upon whether a rental agreement was in place while they were living away from home during the practicum.

If a student receiving income support is engaged in a tertiary external course that has a compulsory residential component, including practicums, they are entitled to Fares Allowance which includes reimbursement for one return trip from their permanent home to the institution and back. A student is eligible for Fares Allowance for each external course or practicum undertaken during a year that requires attendance at an institution for a residential component.

ABSTUDY students may also claim 'Away from Base' assistance to help cover the cost of practicums (up to a maximum of \$2,080 for Masters and PhD students) per year.

Students receiving Youth Allowance, ABSTUDY and Austudy may also obtain an advance of up to \$500, if required.

Universities offer limited support in some courses through scholarships and bursaries to assist with the additional costs associated with practicums. State Governments also offer scholarships and loan schemes to assist students undertaking practicums. This assistance may not be tied to receipt of student income support payments.

## Recommendation 7

The committee recommends that a review be undertaken in 2013 to assess the impact of funding compacts, student-driven demand funding and the Structural Adjustment Fund on regional universities.

Response: *Supported in principle, initiatives already in place.* The Australian Government regularly monitors the impact of policy changes on universities.

Ongoing discussions with universities as part of the compacts process will inform the Government of the impact of its higher education reforms on individual universities and regional universities generally.

The Australian Government regularly monitors higher education enrolments. Early indications are that demand driven funding for undergraduate student places is of benefit to regional areas. Growth in enrolments has been strong, with regional universities together enrolling 10 per cent more students in 2011 than in 2009. This equals the 10 per cent growth at metropolitan universities over the same period.

In response to the *Review of Regional Loading*, the Government announced in the 2011-12 Budget that it would increase the regional loading by \$109.9 million over four years (for a total of \$249.4 million over four years). The regional loading funding will be distributed through a new formula that is transparent and responsive to student demand. These changes will start in 2012. The new regional loading formula will involve annual monitoring of enrolments at regional campuses.

The Structural Adjustment Fund was announced in May 2009 with funding of \$400 million to assist universities to prepare for the new operational requirements of a demand driven funding system with new quality measures in place.

Regional universities and TAFEs will have access to a Regional Priorities Round of funding from the Education Investment Fund of \$500 million. Infrastructure projects funded through the Education Investment Fund are monitored regularly during their implementation and grant recipients are required to participate in project evaluation activities following the completion of projects. The implementation of projects may not be complete by 2013.

The Australian Government has also made fresh commitments to governance and transparency reform which will ensure that regional Australia gets a fair hearing and a fair return from its national government. This includes developing a spatial accounting model which will provide greater visibility into Government spending and service delivery by regional location.

## Recommendation 8

The committee recommends that the Australian Government investigate options for attracting students to regional institutions, and encouraging graduates to work in rural and regional locations, through programs which provide for reduced HECS-HELP liability.

*Response: Supported in part, initiatives already in place.* The Government Senators' Dissenting Report notes that there are already a range of HECS remission policies in place which have already been adopted by this Government to encourage graduates to work in priority fields or areas. The Australian Government provides incentives for targeted areas such as medicine and early childhood education.

Incentives for medicine include:

- the Medical Rural Bonded Scholarship;
- the Rural Retention Program;
- the Practice Incentives Program; and
- the MBS Bulk Bill Incentive Items.

Incentives for early childhood education include:

- a HECS-HELP Benefit for early childhood education teachers, which has a location-based eligibility criterion targeted at regional areas. The Benefit allows eligible early childhood education teachers who work in an area of particular need to reduce their HECS-HELP debt.

As universities are self-accrediting institutions that decide the courses they offer, they are best placed in terms of attracting students to their regional institutions or campuses. The Australian Government already provides significant support to these institutions through initiatives (many of which are detailed in the DEEWR submission) such as regional loading.

The Australian Government also provides incentives for international students to study at regional institutions or campuses. For the purposes of the General Skilled Migration program administered by the Department of Immigration and Citizenship (DIAC), international students can claim migration eligibility points for having lived and studied full time at a campus located in regional Australia or a low population growth metropolitan area for at least 2 years prior to lodging an application for skilled migration visa.

Governments currently provide a range of incentives to teachers to encourage them to take positions in rural and remote areas. Under this scenario, if a State Government chooses, incentives for teachers to take positions in rural and regional areas could include a scholarship or payment to be directed to the repayment of a person's HECS-HELP debt.

Under the Commitment the Australian Government will develop Regional Education, Skills and Jobs Plans in 2011, in response to the 2010 DEEWR report on access to and participation in higher education in regional Australia. Thirty-four Education, Skills and Jobs Coordinators will be deployed into regional communities to work with local stakeholders to develop the Plans. These Plans will include strategies to

increase the participation rates for higher education, where relevant to the needs identified by the local stakeholders and community.

The committee recommends that the Australian Government investigate options for attracting students to regional institutions, and encouraging graduates to work in rural and regional locations, through programs which provide for reduced HECS-HELP liability.

Response: Supported in part, initiatives already in place. The Government Senator's Dissenting Report notes that there are already a range of HECS remission policies in place which have already been adopted by the Government to encourage graduates to work in priority fields or areas. The Australian Government provides incentives for targeted areas such as medicine and early childhood education.

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