



# Submission

to

Senate Rural and Regional Affairs and Transport  
References Committee

7 August 2009

Committee Secretary  
Senate Rural and Regional Affairs and Transport References Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

Dear Committee Secretary,

Thank you for extending an invitation for the University of Melbourne to make a submission to the Senate Rural and Regional Affairs and Transport References Committee.

The University's submission is attached.

If the Committee requires any further information I would be happy to oblige in any way possible.

The University would welcome any opportunity to speak further to its submission at the Committee's public hearings.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Susan Elliott', written in a cursive style.

Professor Susan Elliott

Acting Vice-Chancellor  
University of Melbourne

## Overview of the University of Melbourne

The University of Melbourne is a leading international university with a tradition of excellence in teaching and research. Melbourne's outstanding performance in international rankings puts it at the forefront of higher education in the Asia-Pacific region and the world. The University of Melbourne is consistently ranked by the THES among the world's top 50 universities.

Established in 1853, shortly after the founding of Melbourne, the University's main Parkville campus is recognised as the hub of Australia's premier knowledge precinct comprising eight hospitals, many leading research institutes and a wide range of knowledge-based industries.

The Growing Esteem strategy, adopted by the University in December 2005, lays out a ten-year plan to fulfil Melbourne's aspiration to be a public-spirited and internationally-engaged institution, highly regarded for making distinctive contributions to society in research and research training, learning and teaching, and knowledge transfer. See <http://growingesteem.unimelb.edu.au/>

In 2008, as the cornerstone of Growing Esteem, the University introduced landmark educational reforms known collectively as the Melbourne Model. These reforms were designed to create an outstanding and distinctive Melbourne Experience for all students. The Model is based on six broad undergraduate programs followed by a graduate professional degree, research higher degree or entry directly into employment. The emphasis on academic breadth as well as disciplinary depth in the new degrees ensures that graduates will have the capacity to succeed in a world where knowledge boundaries are shifting and reforming to create new frontiers and challenges. In moving to the new model, the University is also aligning itself with the best of emerging European and Asian practice and well-established North American traditions.

## Terms of Reference

The Rural and Regional Affairs and Transport References Committee will provide an assessment of the adequacy of government measures to provide equitable access to secondary and post-secondary education opportunities to students from rural and regional communities attending metropolitan institutions, and metropolitan students attending regional universities or technical and further education (TAFE) colleges, with particular reference to:

- a. the financial impact on rural and regional students who are attending metropolitan secondary schools, universities or TAFE;
- b. the education alternatives for rural and regional students wanting to study in regional areas;
- c. the implications of current and proposed government measures on prospective students living in rural and regional areas;
- d. the short- and long-term impact of current and proposed government policies on regional university and TAFE college enrolments;
- e. the adequacy of government measures to provide for students who are required to leave home for secondary or post-secondary study;
- f. the educational needs of rural and regional students;
- g. the impact of government measures and proposals on rural and regional communities; and
- h. other related matters.

## Recommendations

### 1. Re-examine student income support independence criteria changes for rural and regional students

In the May 2009 Budget the Federal Government introduced a range of student income support reforms to promote the target of lifting undergraduate level enrolments for students from low socio economic status (SES) backgrounds to 20 per cent by 2020. These included new start-up and relocation scholarships and a tightening of Workforce Participation Criteria for students seeking to qualify as financially independent for the purposes of Abstudy and Youth Allowance.

Consistent with its submission to the Bradley Review of Higher Education, the University is strongly supportive of the Government's aspiration to lift low SES participation in higher education. The University also supports the overarching intention behind the decision to tighten Workforce Participation Criteria, which is to ensure that resources for income support are targeted to students genuinely in need of financial assistance.

Despite this general agreement, the University is nonetheless concerned about the unintended impact of student income support changes on rural and regional students. In particular, the move to require that a young person has worked full-time for a minimum of 30 hours a week for at least 18 months in a two-year period before qualifying for an independent level of Youth Allowance has the potential to increase barriers to higher education for rural and regional students. Although this amendment to Workforce Participation Criteria is well-motivated, in its aspiration to place greater restrictions upon the capacity of high SES students to access the limited resources available for income support, the University believes that the special financial circumstances of rural and regional students also need to be taken into account.<sup>1</sup>

Other May Budget Government reforms will undoubtedly ease the burden on rural students (for example, by extending relocation scholarships - \$4000 in first year and \$1000 in subsequent years - to all students who have to relocate and who qualify as dependent for full or partial youth allowance). An eighteen month or two-year gap period, however, will serve as a significant disincentive to tertiary study for rural and regional students. This is particularly the case for students considering study at the University of Melbourne, which has recently introduced a two tier (3 + 2) model of education for medicine, law and other professional degrees. The University believes DEEWR should therefore consider ways to mitigate the unintended impact of student income support changes on rural and regional students.

In this context, the University recommends that the Government consider the introduction of special independence criteria which recognise the circumstances of rural and regional students who need to relocate for tertiary study. Living away from home substantially increases the cost of tertiary education and requires students to have a significant degree of practical independence from their parents.

A key issue is how to define the need to relocate. One option would be to restrict eligibility to students who must relocate to attend a university more than 1 and ½ hours from their residence.

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<sup>1</sup> The Victorian Parliament Education and Training Committee's *Inquiry into Geographical Differences in the Rate in which Victorian Students Participate in Higher Education* (July 2009) has recently reported on the growing proportion of country students who defer their university study. Approximately one third of rural and regional students deferred their study in 2007-2008 in contrast with a 10 per cent deferment rate for metropolitan students.

## 2. Open the demand-driven system to all accredited providers

One reason for regional-urban differences in higher education participation is that regional students must often either travel long distances or move to take their preferred course. In the Victorian *On Track* survey of school leavers, the amount of travel, the cost of travel, and the need to leave home were all identified as barriers to further study.<sup>2</sup> One possible solution is to increase higher education provision in regional areas.

Public universities are, however, reluctant to open additional regional campuses, which have a history of generating significant losses. In submissions to the recent Victorian inquiry into geographical differences in university participation, two Victorian universities estimated that their annual costs from running multiple regional campuses were more than \$20,000,000 in excess of specific funding.<sup>3</sup> All campuses have minimum operating and capital costs, but regional campuses often do not achieve the enrolment levels needed to keep average per student costs near per student revenues. Few public universities can afford new campuses likely to drain vital resources from the education of other students.

In the absence of major new funding for regional campuses, this suggests that policymakers should look for alternative ways of making higher education available in regional areas.

One option which ought to be considered is extending the demand-driven funding system due to start in 2012 to all accredited higher education providers, as originally recommended in the Bradley report. Under such a system, the existing network of regional TAFEs would become possible sites for higher education courses. As they could provide higher education on top of their existing vocational education courses, TAFEs are more likely to achieve the economies of scale needed to be able to deliver courses at a per student cost within Commonwealth-supported place funding levels. A number of TAFEs already offer higher education courses, and it is likely that student demand would be significantly higher if TAFEs did not have to charge full fees, as they generally would have to do under the currently proposed policy.

Better integrating TAFEs into the higher education system would also meet other government policy objectives. Improved articulation between vocational and higher education appears to be more easily achieved in dual sector institutions, with greater potential for designing integrated courses and increased student awareness of articulation possibilities. Improved pathways through vocational to higher education are also necessary if the target of 20% of enrolments from low SES backgrounds is to be achieved by 2020. TAFEs are more successful than most universities in attracting low SES students, and already 20% of university students coming from TAFE live in low SES postcodes.

The more open demand-driven system recommended by the Bradley report would also permit entrepreneurial higher education ventures by local communities, if they felt that higher education provision in their area was inadequate. A demand-driven system restricted to existing public universities would make these ventures unviable, as they will not be price competitive. It will often be cheaper in the long term for students to travel to cities or other regional towns than to pay full fees at an institution outside the public system.

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<sup>2</sup> Department of Education and Early Childhood Development, *The On Track Survey 2008: The Destinations of School Leavers in Victoria: Statewide Support* (Melbourne, 2009), p.81.

<sup>3</sup> Victorian Parliament, Education and Training Committee, 'Inquiry into Geographical Differences in the Rate at which Victorian Students Participate in Higher Education', University of Ballarat and La Trobe University submissions, [http://www.parliament.vic.gov.au/etc/fs\\_inq\\_he.html](http://www.parliament.vic.gov.au/etc/fs_inq_he.html)

## Summary of Recommendations

1. Re-examine student income support independence criteria changes for rural and regional students
2. Open the demand-driven system to all accredited providers