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Submission to the Inquiry into Rural and Regional Access to Secondary & Tertiary Education Opportunities

As the Federal Member for Maranoa, a predominantly rural electorate which spans 546,830 square kilometres across southern and western Queensland, I am well aware of the issues facing senior high school students and young people in regional, rural and remote Australia. The proposed changes by the Rudd Federal Government to the Youth Allowance eligibility criteria impose further difficulties on young rural Australians already facing the everyday reality of the tyranny of distance and the ever-rising costs of living away from home when undertaking post-secondary education.

Is post secondary education available, accessible, affordable, acceptable and adaptable?

It is nationally and internationally held that education must be available, accessible, affordable, acceptable and adaptable for all. For the regional, rural and remote students of the Maranoa electorate this is generally not the case as higher education is scarcely available, geographically inaccessible and unaffordable for many. It is well documented that all regional, rural and remote students are seriously underrepresented in higher educationⁱ with for example only 16.9% of persons aged 17-22 years from the Maranoa electorate attending some form of higher educationⁱⁱ. Disincentives such as distance (many having to move hundreds of kilometres to undertake post-secondary education), a lack of institutions, increasing costs of living and study, and the difficulties associated with accessing income support can be seen as the main contributing factors for such underrepresentation. As higher education offers broad benefits to society, especially to those in rural and remote communities, it is feared that the proposed changes to the Youth Allowance Scheme along with the continuation of some of the more archaic government measures will unfairly discriminate against and hinder the efforts to increase participation of rural, remote and regional students in higher education.

Identified in the Rudd Federal Government's report 'Transforming Australia's Higher Education System'ⁱⁱⁱ was the need to increase the number of people gaining higher education qualifications. With the proposed changes to Youth Allowance eligibility criteria it is uncertain, if implemented, how this goal will be fulfilled. Currently, one can prove independence by fulfilling one of three criteria;

1. Working full time for a minimum of 30 hours a week for at least 18 months in two years;
2. Working part time for at least 15 hours for two years since leaving school or;

3. Earning in 18 months since leaving school, 75% of the maximum Wage A Level, equalling \$18,850.

The proposed changes push for the removal of two (2 and 3) of the three criteria – a move the Federal Government claims will ensure that income support is available only to those who most need it while excluding approximately 27,000 prospective claimants^{iv} and saving the Government \$1.8 billion over four years^v. Whilst it is agreed it is important to establish independence from one's parents by demonstrating commitment to employment, it is unreasonable to suggest that earning \$18,850 is not enough^{vi}, as the prospective applicant has to provide evidence detailing how the money was earned^{vii}.

Will these changes '*better direct support to the students who most need it*'?

Firstly it is unclear how forcing people to work 30 hours a week in an 18 month period will ensure that income support is '*better directed to those who most need it*'. Furthermore, questions arise as to whether this change in criteria will be effective in ensuring that students from 'high' income households, who are identified as the reason for the change in eligibility criteria,^{viii} cannot continue to mislead the system and claim income support. It is unlikely that the change in criteria will ensure this issue is addressed, as whilst the burden of finding 30 hours of full time work a week will make it significantly harder for *all* students to claim income support, there is nothing to stop those who live in high income households from continuing to claim government support; they can still do so whilst studying living in the comfort of their own homes for two years supported by their parents.

To ensure that the proposed changes do indeed solve the issue identified above, it is suggested that the Government create a different set of criteria for those who wish to access income support and gain independence whilst still living at home. It is recommended that such students should be required to fulfil the independence criteria in addition to being subjected to some form of Parental Income Test. This measure could potentially ensure that regional, rural, remote and low socio-economic claimants who have to move considerable distances away from family homes are not being unnecessarily punished by a proposal that may not solve the identified issue in the first place.

It should be noted however, that whilst these students who live at home and have parents who generate seemingly high annual incomes, they may still be required to pay board and rely solely upon their own income, thus incurring the same costs as those who have had to relocate to study or whose parents are not high earners. Similarly, with those from rural and remote areas who come from households that have presumably high annual incomes, parents may be unwilling/unable to provide financial support for two years whilst their child works 30 hours a week to prove their independent status.

Who is missing out?

As mentioned above, the changes could potentially make it more difficult for those *most* needy; those from rural and remote areas and/or those from low socio-economic backgrounds, to access income support and gain tertiary qualifications without significant financial struggles and postponement of study and aspirations.

According to the Bradley Review, most students prove their independence by earning the \$19,532 in an 18 month period^{ix}. This is also true for the many rural, remote and regional

students, who, acting in good faith on the advice of the Federal Government decided to embark upon a gap year, deferring University for twelve months in order to guarantee access to Youth Allowance and to ensure financial stability and viability for their years of higher education. Consequently, if the changes were to be implemented retrospectively on January 1, 2010, the loss of this particular eligibility criterion will cause unprecedented problems for approximately 30,700^x prospective higher education students, particularly those from regional, rural and remote areas currently undertaking a gap year. As well as sending these particular prospective students the message that their future is not valued by the Government, these changes will most likely force them to take *another* year off, defer university again and lose their reserved spots (essentially having to compete for desired course placement once more) in order to satisfy the new requirements for proving independence. These students are essentially now facing one of two very limited lose-lose situations; give up their well-deserved reserved place at university or attend university without any income support – both options presenting significant disincentives to participate in higher education all together.

It is suggested if these changes were to go ahead that the Federal Government provide a reprieve to those current gap year participants by changing the start date until after May 2010, a time when most Queensland 2008 graduates will be eligible to claim Youth Allowance, thus avoiding the negative impacts that stem from these significant and abrupt changes.

Finding full-time work for unqualified youth in regional, rural and remote towns?

Not only is there concern for the prospective students currently on their gap year but also for future high school graduates from regional, rural and remote Australia who will be expected to postpone their further education for two years in order to qualify for income support.

Firstly, the eradication of the two independence criteria in favour of only one seemingly discriminatory retrospective criterion inadvertently excludes prospective students who require income support to attend higher education institutions and who wish to begin their higher education immediately after completing secondary school. One can ask what is the benefit of making such regional, rural and remote students wait two years to begin their desired course? The proposed changes could make it more difficult for such students to achieve their potential by reducing their choices and ability to determine their own futures. Such a delay may see some prospective students opt out of higher education indefinitely.

Currently, the regional and rural youth unemployment rate is 8.6%, approximately 2% lower than the average rate in metropolitan areas^{xi}. In saying this, the proposed Youth Allowance changes may see such rates rise due to a plethora of students required to work full time for two years, forcing them into an already struggling job market. Furthermore there has been a significant decrease in the proportion of people employed in major rural industries such as agriculture, forestry and fishing^{xii} due to drought and rural decline. The pertinent question would be: why in the current economic situation, with unemployment rates rising,^{xiii} would people employ unqualified 17-18 year olds? The most likely answer is that employees would not, making the independence eligibility criterion of 30 hours a week of full-time work for 18

months almost an impossibility for rural and remote youths, effectively forcing them to move to find work elsewhere or give up on their aspirations due to lack of financial support. The option of moving elsewhere, normally to larger metropolitan areas in order to find employment to qualify for income support is one that is not always available for rural and remote youths because it involves considerable initial expenses (rent, furniture and other living expenses) that either they or their family is unable to fund. The change to the Youth Allowance eligibility criteria will only exacerbate the difficulty of choice of relocating at great expense or remaining in an area devoid of full-time work opportunities.

In order to ease the burden and remove barriers imposed by the proposed changes to the independence eligibility, it is suggested that contact hours required for a course at a higher education institution, work experience and volunteer work also be included in the required 30 hours per week.

Increasing the income allowance for the Parental Income Test

It is important to note in conjunction with the above arguments that the Federal Government argues that those prospective students truly in need of government support to participate in higher education will not be concerned with the changes to the independence criteria. This is primarily because the Federal Government presumes that it is *only* those families with an annual income of \$42,559 or lower who struggle to financially support children undertaking higher education, without taking into consideration other mitigating factors. According to the Australian Government's Bureau of Rural Sciences even though many rural households seem to have high annual incomes (thus ruling them out of income tests), such capital has to support not only a family but *'the operation of a farm business with large seasonal fluctuations in outgoings and cash flows and influences such as drought and commodity prices'*.^{xiv} It is believed that such factors affecting prospective rural students should be taken into consideration when assessing parental income. Whilst it is encouraging to see provisions made for farming and small business assets, as well as consideration given to those in areas recognised as Exceptional Circumstances, I am concerned that the arbitrarily drought-declared regions do not adequately reflect the impact of drought on the viability and economic sustainability of family farming enterprises across regional Australia. And whilst it is encouraging to see the Parental Income threshold aligned with the Family Tax Benefit Part A (the Consumer Price Index) threshold, which will see 68,000 extra young people able to gain assistance (due to an increase in family cut offs also) and 34,600 receiving a higher rate of payment, it is feared that a large number of prospective needy students will still miss out due to the abolition of the other two eligibility criteria.

Australia's reaction to the proposed changes

There has been a significant outcry of concern and fear by constituents, parents, grandparents and current and prospective students in relation to the suggested changes to Youth Allowance. Not only have parliamentarian offices been inundated by letters, phone calls or petitions^{xv} by those who fear they will miss out under the new system but it is worth noting the significant uprising by those using the social medium Facebook, with over 20,000 people joining at least 18 groups that oppose such changes.

Is Youth Allowance (once gained) enough?

According to the Australian Scholarships Group (ASG) the estimated cost of completing a university nursing degree, for example, whilst living away from home in Queensland is approximately \$70,213^{xvi} (not including \$13,634 for tuition) over three years – twice the cost of staying at home^{xvii}. As most rural and remote students are required to move considerable distances away from family homes in order to participate in higher education it is clear from the above example that the amount of financial support provided to students is insufficient. Currently, the maximum benefit for Youth Allowance is \$9,266^{xviii} per annum, well below the \$23,404 needed as identified by the ASG and the Henderson poverty line^{xix}. Unfortunately, governments have failed to increase the amount of Youth Allowance offered even though, as suggested in the Bradley Review,^{xx} the amount has declined significantly in terms of its real value and its purchasing power. Therefore current Youth Allowance beneficiaries, even those who receive the maximum amount, are struggling under the rising costs of accommodation, utilities and groceries and other expenses such as textbooks and public transport. This failure to amend the scheme will see rural and remote students significantly worse off financially than those in 2000^{xxi}, as well as see a decrease in enrolments and an increase in drop-out rates. It may have an adverse impact on a student's capacity to study effectively, with many having to work an additional 15 hours a week in order to make ends meet. By not increasing the Youth Allowance payment rate the Government is saving \$1.8 billion over four years^{xxii} which, in effect, takes money out of student pockets in a time when the cost of living is increasing and qualifications are highly desired in the job market. It seems the Government, in its attempts to create a cost-neutral budgetary proposal, has failed to invest in and protect the future of Australia.

Those fortunate enough to gain access to income support through Youth Allowance may also be eligible for two rebadged scholarships that will replace the existing Commonwealth Education Costs (CECS) and Commonwealth Accommodation (CAS) Scholarships. The renamed Student Start-Up Scholarship (replacing the CECS) is available to all students on income support whether they receive full or partial payments of income support and is valued at \$2,254 (indexed annually) and paid in two six-month instalments for each year of study.^{xxiii} Whilst this scholarship can now be accessed by significantly more students as well as provide much needed funds and support for regional, rural and remote students who due to other costs may be unable to afford textbooks and specialised equipment that higher education necessitates, this 'one size fits all' approach has sapped funding from the much needed Relocation Scholarship. Under the current scholarship program, CAS, students from regional, rural and remote areas who qualify for the assistance receive \$4,415 per year (indexed annually)^{xxiv} whilst under the new system they will only receive \$4,000 for the first year then only \$1,000 for each year of further study^{xxv}. This significant reduction will see needy recipients of accommodation support struggle to meet the ever-increasing costs of rent^{xxvi} and may even force students to reconsider their decision to participate in higher education.

In summary, the Rudd Government's changes to the Youth Allowance eligibility criteria imposes an unreasonable demand on post-secondary students, particularly those in regional, rural and remote Australia who already face the obstacles of living away from

home and living on minimal financial support. Perhaps the group most disappointed by these changes, however, is those who have currently taken a gap year in 2009 so as to work enough hours and earn enough money to qualify for Youth Allowance in its current form. These students deserve a guarantee from the Federal Government that the proposed change will not affect them and they will be able to apply for Youth Allowance under the current eligibility criteria.

ⁱ Review of Australian Higher Education: Final Report. Bradley, D. Australian Government, December 2008, pg 28

ⁱⁱ Higher education participation rates of persons aged 17-22 years at 2006 Census by Electoral Division of usual residence 5 years before (2001)(a) - ranked by participation rates

ⁱⁱⁱ 'Transforming Australia's Higher Education System', Department of Education, Employment and Workplace Relations, Australian Government, 2009, pg 36

^{iv} Review of Australian Higher Education: Final Report. Bradley, D. Australian Government, December 2008, pg 62

^v 'Transforming Australia's Higher Education System', *Student Income Support – Workplace Participation Criterion*, Department of Education, Employment and Workplace Relations, Australian Government, 2009

^{vi} Review of Australian Higher Education: Final Report. Bradley, D. Australian Government, December 2008, pg 62

^{vii} "You will need to provide proof of income earned and periods worked (e.g. payslips, letter" from your employer or payment summaries)" Claim for Youth Allowance Form, Question 104, Centrelink, Australian Government, 2009.

^{viii} New Youth Allowance: Fact Sheet 1, *Changes to Student Income Support in response to the Bradley Review n Australian Higher Education*, Department of Education, Employment and Workplace Relations, Australian Government, 2009

^{ix} Review of Australian Higher Education: Final Report. Bradley, D. Australian Government, December 2008, pg 62

^x New Youth Allowance: Fact Sheet 9, *Student Income Support – Workforce Participation Criterion*, Department of Education, Employment and Workplace Relations, Australian Government, 2009

^{xi} Country Matters: Social Atlas of Rural and Regional Australia, Bureau of Rural Sciences, Department of Agriculture, Fisheries and Forestry, Australian Government, pg 20

^{xii} From 26.4% to 21.3%. Country Matters: Social Atlas of Rural and Regional Australia, Bureau of Rural Sciences, Department of Agriculture, Fisheries and Forestry, Australian Government, pg 22

^{xiii} 'Unemployment has further to rise', C Brinsden, AAP Bulletins, 9 July 2009

^{xiv} 36% rural households considered to have high annual incomes. Country Matters: Social Atlas of Rural and Regional Australia, Bureau of Rural Sciences, Department of Agriculture, Fisheries and Forestry, Australian Government, pg 15

^{xv} Particularly <http://www.uniripoff.org.au/signatures.php> online petition with over 3000 signatures

^{xvi} Australian Scholarships Group. *AGS University Costs Calculator*, 2009, http://apps.asg.com.au/calc/uni_calc.asp?ContainerID=&idp=1.

^{xvii} Estimated cost of living at home whilst completing the same degree is \$44,529. Australian Scholarships Group. *AGS University Costs Calculator*, 2009, http://apps.asg.com.au/calc/uni_calc.asp?ContainerID=&idp=1

^{xviii} Review of Australian Higher Education: Final Report. Bradley, D. Australian Government, December 2008, page 60.

^{xix} *Poverty Lines: Australia*. Melbourne Institute of Applied Economic and Social Research, The University of Melbourne, March 2009, <http://www.melbourneinstitute.com/labour/inequality/poverty/Poverty%20lines%20Australia%20March%202009.pdf>.

^{xx} Review of Australian Higher Education: Final Report. Bradley, D. Australian Government, December 2008, page 54.

^{xxi} Review of Australian Higher Education: Final Report. Bradley, D. Australian Government, December 2008, page 49.

^{xxii} New Youth Allowance: Fact Sheet 9, *Student Income Support – Workforce Participation Criterion*, Department of Education, Employment and Workplace Relations, Australian Government, 2009

^{xxiii} New Youth Allowance: Fact Sheet 4, *Student Income Support – Student Start-Up Scholarship*, Department of Education, Employment and Workplace Relations, Australian Government, 2009

^{xxiv} Going to Uni, *Scholarships*, Department of Education, Employment and Workplace Relations, Australian Government, 2009 <http://www.goingtouni.gov.au/Main/FeesLoansAndScholarships/Undergraduate/Scholarships/Commonwealth+Scholarships/Default.htm>

^{xxv} New Youth Allowance: Fact Sheet 5, *Student Income Support – Relocation Scholarship*, Department of Education, Employment and Workplace Relations, Australian Government, 2009

^{xxvi} Review of Australian Higher Education: Final Report. Bradley, D. Australian Government, December 2008, page 56.