

7 August 2009

Committee Secretary
Senate Standing Committee on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Committee

I am pleased to make the following submission on behalf of the Parliamentary National Party (WA) Inc. (referred to as The Nationals WA) to the committee's inquiry into rural and regional access to secondary and tertiary education opportunities.

Geoffrey Blainey may have coined the term more than 60 years ago but the tyranny of distance remains very much a part of the fabric of the lives of regional Australians. From the provision of essential services like health care and banking to mail and groceries; when the Sunday paper is delivered on Monday and broadband Internet is at best sporadic and at worst a dream, isolation still abounds. The reality is secondary and tertiary education is moving further from the grasp of many in regional Western Australia

This submission will focus on the recent changes made by the Federal Government with respect to Centrelink subsidies, particularly Youth Allowance. We acknowledge the need for reform in this area of social welfare and commend the Government for undertaking the review. Increasing access to Government financial assistance for those who need it most and increasing tertiary graduates while eliminating those who rot the system are critical steps toward increasing the accessibility of tertiary education in Australia. While some of the changes are positive and welcomed, some of those outlined in the May 2009 budget are misguided and illustrate a failure of the Government to understand the situation many regional families find themselves in. Sadly, we believe some areas will have a significant adverse impact on the ability of rural and regional students to access quality metropolitan educational institutions. More importantly, it would appear the policy has been written without Western Australia – the largest state – in mind.

It is important that we carefully define the demographic of people whom we believe stand to lose the most from some of these changes. There are two groups: first, the farming community who rely primarily on the land for their livelihood and, second, those who live, work and invest in the diverse range of broader economic activities that occur outside our major cities. It is the latter group that is perhaps forgotten when we talk about rural and regional Australia, the assumption being that all those living outside of the capitals are wealthy farmers with thousands of acres of land.

Such is not always the case. Many are everyday mums and dads who are bank tellers or petrol station owners. They are the bakers and the newsagents, the local mechanic and the tyre shop owner, the bank manager and the coffee shop owner. They are non-indigenous

households supported by a full time working dad who runs the local lawn mowing service or owns his own plumbing business, and a mum who works part time as a receptionist with the local accountant and raises two children. They are mid-income earners and, often, they are more aptly described as the rank of regional workers. It is these families who stand to have their access to educational opportunities severely curtailed.

Attention is now turned to addressing each of the terms of reference in specific detail.

A) The financial impact on rural and regional students who are attending metropolitan secondary schools, universities or TAFE.

The financial impact borne by regional families sending their children to study in metropolitan areas is significant. A desire to provide their children with the very best education possible in a competitive and economically troubled world, coupled with little or no educational opportunities beyond primary or lower secondary level is a challenge faced by many parents in regional Western Australia. A number of public schools in regional Western Australia have closed over the past decade. The choice is desperately clear: leave school or board in the city.

Fees for private boys' boarding schools in Perth range from \$24,000 per year for a secondary student through to \$34,000. Add to this the cost of transport home during term time and at holidays, as well as books, uniforms, camps and extras like tutoring and musical instruments and the burden on the family pocket can easily reach \$40,000 a year. And this is for just one child.

Once a child graduates secondary school the financial strain on parents rarely ends. The availability of the Federal Government's HECS is certainly valuable to students in paying tertiary course fees but it does not alleviate the burden in other areas. Often a country student is living without the valuable support structure offered by a family or boarding environment. And for those who don't board in secondary school there is the added angst of living away from home for the first time.

On top of all this is the need to find and settle into employment in order to assist with not just study expenses but everyday living costs. Rent remains a significant financial burden for those students unable to live in a second home owned by their parents. The rising cost of fuel means seeing parents for birthdays and special occasions is often not possible. Meanwhile, there's the cost of staying in touch with long distance phone calls and mobile bills. And then at some point, somewhere, time must be found for study.

As the title of the committee's inquiry suggests, regional, rural and remote students need to be considered differently from those living in the major metropolitan areas. Distance and a higher cost of living in the bush are two significant factors that demand a closer look. A country student who is fortunate to receive acceptance to a tertiary institution still faces the large cost of relocating to the city, of rent and of travelling home even just three or four times a year. Then there are the costs of living, like gas, power and phone and of course food, costs that, for a city student living with mum and dad are simply absorbed by the existing household arrangement.

With all this in mind it is not surprising that the participation rate of regional people in tertiary education is well below that of city students. In 2002, for example, 54.8 of every 1000 people in the Perth area participated in University study while only 20.7 people in the regional divisions did the same (Department of Education Services, Summary of Western Australian Higher Education Statistics 2002).

B) The education alternatives for rural and regional students wanting to study in regional areas.

Alternatives for remaining in a regional community to undertake study are extremely limited, particularly in more isolated and remote areas like the Kimberley and Pilbara regions of Western Australia. Increasing numbers of country schools are closing and in so doing restrict the options available to local students to study at home. Alternatives, where they do exist, are often limited to Colleges of TAFE that themselves offer limited courses and, with that, a limited range of career prospects.

Universities are almost non-existent in rural and regional areas of Western Australia. Outside of Perth Universities are limited to larger metropolitan centres such as Geraldton, Albany, Kalgoorlie and Bunbury. Most universities do offer a number of courses externally or online. However, this significantly restricts contact with other students, starving young people of important social interaction beneficial not only to their studies but to their growth into adult life.

That said, a small number of university campuses are appearing in regional areas of Western Australia, albeit at a very slow rate. Funding for universities is, however, a mixed bag and does not properly address the appropriate criteria for determining Commonwealth funding. If these centres are to survive outside of the city they need to be appropriately resourced as current measures make delivery very costly. It is very difficult to attract and retain staff of the calibre required for tertiary courses.

According to the University of Western Australia's (UWA) Guild President, Mr Dominic Rose, the centre's campus in Albany, some 500 kilometres from Perth, runs at a notable loss. Mr Rose notes that the University's Vice Chancellor is determined to keep the campus open despite the drain it places on the finances. To add value to the community the UWA commits to taking the Perth International Arts Festival to Albany at its own expense each year. Additionally, the UWA hosts free community lectures and maintains a centre of excellence for resource management that undertakes valuable environmental work. As a result the UWA's Albany campus provides a number of flow-on benefits to the community, not just to its students. If the Government is serious about improving regional access to education it must consider regional tertiary funding, particularly in a state the size of Western Australia.

C) The implications of current and proposed government measures on prospective students living in rural and regional areas.

The Nationals WA are alarmed by some of the Federal Government's proposed changes to the Centrelink subsidy Youth Allowance. While some measures are welcomed, others stand to adversely impact students from rural and regional areas in their attempt to broaden their horizons and undertaken study, particularly at a tertiary level. One of The Nationals's fundamental beliefs is that regional Australia should not be restricted in its access to quality services, including education.

Perhaps of most concern is the removal of two of the three work-related criteria a student can meet in order to prove independence from their parents. Proving independence is a crucial way in which country students can access a much needed financial assistance from Centrelink. Under the changes a student will no longer have the option of working at least 15

hours per week for at least two years after leaving school, nor will they be able to earn 75 per cent of the maximum wage level A in an 18 month period.

According to Mr Rose, the University of Western Australia's (UWA) Guild President, both of these options are currently very popular to future tertiary students who defer University studies after secondary graduation and have been the cause of the majority of concerns raised with the UWA's Guild. These high school students instead enter the workforce to muster the financial backing needed to begin full time study the following year. The so-called 'gap' year is by no means a 'slack' year but is instead a period of work chosen by those students who have the desire for further study and who would otherwise find the financial burden too great. Some studies have also shown a notable benefit of a gap year to a student's ability to learn

Removing this option will impact heavily on the option for regional students to prepare adequately for tertiary studies, particularly those not available in their local area. Importantly, implementing the change from 1 January 2010 places existing gap year students in a very difficult situation. Having made the decision to defer and begin studies in 2010, these young people will now be unable to follow through with their plans. In effect, the horse has bolted but the odds have changed. At the very least the introduction of this change should be deferred until 1 January 2011 at the earliest in order to allow current Year 12 students and current gap year students the opportunity to make appropriate future plans.

There are two key problems associated with maintaining only the first work-related criteria as the only method of proving independence. Firstly, there is the necessity to defer studies for a further six months to 18 months. As Mr Rose pointed out very few universities allow for deferral of undergraduate studies by more than 12 months; those that do only allow deferral in exceptional circumstances. Additionally, a number of top level courses such as medicine, dentistry and law do not permit mid-year entries.

Secondly there is a considerable burden imposed by the requirement to work 30 hours per week. It is simply untenable for a tertiary student to undertake some 30 hours of work each week – the equivalent of more than 75% of full time employment – and study at the same time. A first year university student can expect anywhere between 12 and 28 contact hours per week with an expectation of double the amount in personal study. Add to this the requirement to work 30 hours per week and the end result will certainly be a reduction in tertiary studies by regional students who must leave home in order to be enrolled. It is also argued that with Australia's unemployment rate again rising in this time of global financial uncertainty, the ability of an inexperienced young person to find work has become even more difficult.

While we in no way oppose the earning of an honest day's wage, the implication of this considerable change will have an adverse impact on the Government's stated goal of increasing the number of 25 to 34 year olds with a bachelor degree.

D) The short- and long-term impact of current and proposed government policies on regional university and TAFE college enrolments.

Proposed Government policies are generally considered to favour regional University and TAFE enrolment less so than metropolitan enrolments. As regional representatives we value the presence of tertiary institutions and rural centres; they provide valuable opportunities to communities, not just by way of education but employment as well.

However the fact remains that courses offered by these institutions are limited and often hampered by inadequate access to resources, particularly funding and staff. This in turn impacts on the quality of education provided and the strength of graduates who will line up

against metropolitan counterparts in vying for potential jobs. The Nationals (WA) are not suggesting this is the norm but do suspect it is more often the case than not.

Regional areas need colleges of TAFE and similar centres. However, the proposed policies will see fewer and fewer regional students look to university studies because the financial implications are simply too dire. In turn this will mean increased competition for places at local TAFEs who themselves have a limited number of places to offer in a limited number of courses.

Effectively, the proposed policies will see more people attempt to gain entry to a regional institution. The long term, however, will see a reduction in regional students aspiring to the heights of university studies and courses that simply aren't offered in their area.

E) The adequacy of government measures to provide for students who are required to leave home for secondary or post-secondary study.

Given the very limited availability of tertiary study we believe that Government has a role to play in assisting those students who wish to undertake further study. It has been said before and it remains true today: investing in education is an investment in Australia's future. Those young men and women who grow up in regional Western Australia deserve the opportunity to grow in knowledge, to better themselves and their career prospects, for the benefit of everyone. Ms Jane McMeikan, Director – Development & External Relations at Curtin University, commented that education comes first; defence, health and other areas are positive by-products only possible with knowledge.

The Away from Home rate, Rent Assistance and Fares Allowance provided by Centrelink are all levels of assistance valued by country people and act as incentives that go a long way to helping them decide on further study. Without such measures many would discount tertiary education if it meant leaving the safety and security of their parents' financial support. The size and diversity of the Western Australian landscape means the Fares Allowance scheme is particularly valuable.

The introduction of the Student Start-up Scholarship from 1 January 2010 is a welcomed initiative that stands to benefit a large number of potential students, particularly those from rural and regional areas. Changes to the parental income test that will see the threshold increase are also viewed as important and positive. Nonetheless, students from farming families will often have parents with an annual income over \$100,000, due in no small part to the multi-million dollar outlays they incur. The 75 per cent discount on farming assets goes some way towards alleviating this burden.

The relocation scholarship will often be inadequate for many regional students. Rental rates in Perth are high in suburbs around tertiary centres, especially universities, demanding even higher rents because of their valuable locations. One aspect of this subsidy that appears to have been forgotten is the catch-22 situation many non-metropolitan students will find themselves in. Those who chose to defer study and instead work to develop a financial base will be faced with limited work opportunities outside the city meaning relocation is the only option - but relocating for work would seem to disqualify them from receiving the relocation allowance once they begin study. The availability of this scholarship for only the first four years of study also seems to unfairly penalise those students who study elite courses such as medicine or those who undertake postgraduate and doctoral studies who will often be studying for in excess of six years.

We commend the proposal to significantly increase the personal income test that will allow a student to earn up to \$400 per fortnight instead of \$236. The current threshold is unjustifiably low and is often seen by young people as a deterrent to undertaking further paid

employment. As has already been discussed the costs incurred by a country student in relocating to the city for study are significant and any encouragement to offset these costs by seeking employment is viewed as positive.

F) The educational needs of rural and regional students;

It is not unreasonable to suggest that rural and regional students have different needs when it comes to education. Arising in no small part from the isolated conditions in which they often find themselves, attracting quality teachers to country areas is a big issue. Despite the many great benefits to be had from moving to a regional area too many teachers view a life outside of the capital cities as dull and boring. The Western Australia Government has moved to change this culture by using non-financial incentives to encourage teachers to take their skills beyond the city limits.

The growing number of regional school closures brought about by declining regional populations also impacts on the educational needs of rural and regional students. Many of the schools that do remain open have a very limited supply of teachers meaning split classes – often by more than one year group – are inevitable. On a similar level this restricts students' ability to develop relationships with people their own age, an important tool in social education. Those schools that aren't closed completely may be downgraded to a district high school meaning Years 11 and 12 are not offered. This renders just two options: leave school or pay expensive boarding school fees in the city.

Unlike their city counterparts country students rarely have access to specialist education facilities. Children with special needs – at both ends of the spectrum – are scarcely catered for to the level they need simply because resources in regional areas are not available. Students outside of metropolitan areas still need access to quality materials, like books, IT equipment and musical instruments, something the Liberal-National Government in Western Australia is committed to ensuring. In short, isolation dictates the need for equal if not greater access to quality educational resources if rural and regional students are to realise their full potential.

G) The impact of government measures and proposals on rural and regional communities.

The Government must carefully consider the measures it implements and any it proposes to take away with regard to rural and regional communities' access to education. Failure to do so may well lead to potentially far reaching socio-economic problems in the future. It is imperative to the survivability and sustainability of rural and regional communities that access to education not be impinged.

Some of the proposed changes to Centrelink schemes targeted at students will do just that. Arguably the most significant is the removal of two of the three work criteria available to a person to prove independence. We believe this will have a significant adverse impact on the number of students from country areas who chose move from secondary schooling to tertiary education. In doing so, regional communities stand to feel the brunt of consequences.

A reduced ability to access tertiary studies along the lines proposed by the Government means, at its most simple, far fewer tertiary educated people from regional Western Australia. The ramifications for communities are far greater with an increased burden to supply quality, full time employment for a young, unskilled workforce. Job opportunities outside of city areas are significantly different to those in Perth; reducing access to tertiary education will only deepen the problem with many communities already struggling to sustain the existing population. This places an increased burden on rural families to support their children beyond secondary schooling.

Skilled professionals, like doctors, accountants, lawyers, dentists and school teachers, are more likely to return to their roots in regional areas than those who grow up in the city. The difficulty Western Australia faces with meeting the demand for country school teachers is evidence of this. Indeed, one of the simplest ways of ensuring access to professionals, to ensuring community viability, is to provide access to quality training. Regional people don't need to be sold on the benefits of living outside the major metropolitan centre of the State; it's what they've known almost all their life. Sadly, some of the changes stand to further reduce the sustainability of rural communities, putting them firmly on the path to extinction.

Recommendations

Centrelink

Under changes to be implemented from 1 January 2010 a person will no longer be able to prove independence by working 15 hours per week for at least two years or by earning 75 per cent of the wage scale of level A within an 18 month period. We believe this will significantly disadvantage students from regional and rural areas who must relocate to the city for tertiary study and whose parents are unable to support them financially. The need for reform to eliminate rorting of the system is recognised and to that end the following recommendations are submitted for consideration. Changes are also proposed in the way family assets are calculated and in personal income earning once Centrelink benefits are received.

1. The option of proving independence by working for 30 hours per week for 18 months be reduced to 30 hours per week over 12 months. Deferring university studies for 18 months is rarely possible. This middle-ground allows students to undertake a gap year immediately following high school graduation but still plan for entry into university the following year. Alternatively, the criteria should be reduced to 25 hours over 18 months which, although still difficult for a full time tertiary student to manage, is seen as more appropriate.
2. Maintain the option of proving independence by working 15 hours per week over two years but tighten the eligibility by making it available only to full-time students.
3. Existing eligibility requirements (ie. work-related criteria two and three for proving independence) be retained until 1 January 2011. This would ensure those students who have already made future plans based on existing criteria are not adversely affected by changes that have been made without an opportunity for them to plan accordingly.
4. Tighten conditions relating to the family assets test to more accurately acknowledge the value of regional housing by removing the exclusion of the family home and instead increasing the overall threshold by \$200,000 to \$771,500. It is generally recognised that the value of homes in regional areas is lower than in metropolitan areas, often considerably so. The current exemption of the family home from the assets test therefore unfairly disadvantages those in the country who may have a home valued at \$200,000 compared to a city person with a value of \$500,000. For many city people their home is their principal asset whereas a number of country families often own an investment or second property away from their home town. This proposal to remove the exemption and instead increase the overall assets threshold would more fairly place metropolitan and regional households on an even playing field. It also acknowledges the notable differences in the value of homes by geographic location.
5. Scholarships provided to all students should not be counted towards personal income when they are provided for the purpose of improving knowledge or skills. Currently, Centrelink considers a scholarship as income and considers any amount when determining how much a student earns in a fortnightly period. However, the great majority of these scholarships are provided not to offset the costs of living but to put

towards tuition, books or sport coaching. In such circumstances a student should not be penalised for proving to be a gifted academic or sports person.

6. Establish a job hours bank. Current criteria dictate the need to work a certain number of hours a week. When hours worked fall below this minimal level in any given week the subsidy is withdrawn. Establishing a bank would allow a person who works more than 30 hours a week to accrue hours for use at a later time. As it stands now a person may lose their job and be left with no hours. While this may render them eligible for other subsidies it adversely affects their ability to prove independence. Particularly in today's uncertain times and the casual nature of employment for young people, it would seem appropriate that a person could 'save' hours that could be used to make up the minimum.
7. Eligibility for the relocation scholarship. Country people who have to relocate in order to find work would appear to disqualify themselves from the relocation scholarship. At the same time this scholarship should only apply to students living in an outer regional, remote or very remote area of Australia, as defined in the Australian Standard Geographical Classification (ASGC). Similarly, to take into account those students studying higher level courses such as medicine or those undertaking postgraduate studies, the relocation location should be available after four years provided at least three of those preceding years were in full time study.

Tax breaks

1. As mentioned above a number of regional residents own or mortgage a second property in the city, often for investment purposes by way of rent but also for residing in when away from home. Frequently this property becomes the place of residence for their children when they move to the city for tertiary study and is essentially a second home. However, it is not considered the principal place of residence for taxation purposes. This means that the property accrues capital gains even when no rent is actually being derived from the property during the children's term of residence. Similarly, the owner is not able to claim a tax deduction on body corporate fees, land and water rates and repairs. In such situations a tax break should be applied such that capital gains do not accrue during the period in which the owner's children are resident and studying full time, to a maximum of four years. Families from regional areas should not be faced with higher taxes because they provide a home for their children while studying in the city. This proposal would again place country people on a similar footing to their city counterparts whose children live at home while studying.
2. Should capital gains concessions prove too costly it is proposed to permit tax deductions for body corporate fees, land and water rates and repairs to at least offset to some degree the potential losses from not receiving rental income. Similarly, for those people who are unable to afford a second home in the city and whose students must rent or board, it is proposed to extend tax concessions to the parents in other ways. In such situations receipts for rental expenditure could be considered tax deductible, up to \$5,000 per year. To put this idea in context, the cost of boarding at a tertiary residential college in Perth is \$12,000 a year.

Tertiary institutions

1. Regional universities in Western Australia are operating at a loss, despite significant benefits not just to local students but the community more broadly. Federal Government funding for universities who struggle to operate viable regional campuses is needed if they are to remain open. For those people who simply cannot afford to relocate to the city, or are unable to do so for family reasons in the case of mature aged students, country campuses are essential in ensuring they don't miss out on opportunities to further their knowledge and their career prospects.

I respectfully submit these recommendations for the committee's review.

Yours faithfully

HON MIA DAVIES MLC

Member for the Agricultural Region

on behalf of

HON PHILIP GARDINER MLC

Member for the Agricultural Region

HON WENDY DUNCAN MLC

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