

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

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Executive Summary

My electorate of Grey covers 92% (904,000 km²) of South Australia taking in a major portion of the rural and remote areas of the state. The extra expenses incurred in a country student to gaining a tertiary education, over and above that incurred by a student able to live at home is prohibiting many of them from participating.

Time and again, since entering Federal politics I have been contacted by parents and students who are desperately concerned about the inequity in education opportunities and the stresses that this places on them and their families. There is an imbalance in the participation in Australian higher education between rural and urban students which is unacceptable. This lower participation has far-reaching consequences for the development of rural Australia and for the nation as a whole.

Current income support measures do not adequately cater for country students. Numerous reports, including the Bradley Review of Australian Higher Education and even more recently the Victorian Governments Inquiry into Geographical Differences into Student Participation, recognise that the current system does not support or encourage participation by students from rural and regional areas. Unfortunately the changes announced by the Rudd Government in the May budget promise to make this situation worse.

I applaud the Senate on commissioning the inquiry and hope that the information collected will serve to clearly identify the difficulties and deficiencies country students have to face and recommend methods to appropriately address access and equity for country students to participate in all levels of education.

This enquiry should:

- Clearly identify the extra costs incurred by country students over and above those incurred by a city based student able to live at home.
- Determine what percentage of students attending a tertiary institution are from the country, living away from home and supported by Youth Allowance, awarded on the basis of independence.
- Address the clearly retrospective nature of the budget changes which impact on potential students currently having a "gap year" in order to qualify for Youth Allowance.
- Examine the appropriateness of students able to live at home receiving Youth Allowance.
- Determine whether the government's proposed new Relocation Scholarships are an adequate replacement for the Commonwealth Scholarships.
- Should establish the specific impact of the proposed changes on regional universities

Submission

as per Terms of Reference

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

The financial and emotional impact on rural and regional students and their families to access secondary, university or a TAFE education is immense and grossly under estimated. It is the first and foremost thing that they must consider when looking at their future opportunities and in making career choices. It can be the difference between a young person following their chosen career and being forced to make a choice to follow another career of lesser interest or skill simply due to affordability.

For a high percentage of students who live in country areas secondary education has limited access whilst Tertiary and TAFE education is not available at all. There is no choice - and the only way that they are able to access this is to move to a metropolitan area. This is particularly the case for tertiary and TAFE education.

Secondary Education

Whilst there have been vast improvements in communication to allow rural and remote students to study at home the limited selection of subjects and the lack of interaction with other students can often force a family to choose to send their child to a metropolitan area for their secondary education. The cost to board and attend secondary college can be between \$22,000 to \$45,000 per annum per student. For some families they may have more than one child in this age group and need to support the cost of two or three children at the one time from their disposable income. There only two forms of financial support available:

- Assistance for Isolated Children – The maximum rate being \$9085 per annum (Centrelink Guide to Australian Payments – July 2009)
- Scholarships or bursaries from the school or benevolent organisations (which are very limited in availability)

The value of both amounts, if eligible, falls far short of the total cost leaving a large gap between that and the cost of secondary boarding.

University Education

The current arrangements:

Whilst students are able to pay for their study fees through the HECS scheme the cost to board or rent to attend a Tertiary institution can conservatively be estimated to be between \$15,000 and \$20,000 and is similar whether choosing to live in a boarding facility or rent privately. This does not include additional costs such as a motor vehicle or fuel to occasionally travel to and from home. The only form of support available to the family or student is Youth Allowance. To qualify for this the parents

of the student must have a Gross combined income of less than \$32800 with a taper of \$1 in each \$4 for the parent's income over this amount. An asset test also applies (maximum of \$571500). For farming families this amount is easily reached even with the 75% discount which applies to farm businesses and unless the family have been declared in an Exceptional Circumstance situation it makes them ineligible for income support.

Whilst the Parental income test is based on gross income the parents pay the cost of educating their child from net income and in many instances they may be just over the income threshold and yet are simply not able to afford the burden of their child's tertiary education.

NOTE: I refer to a policy document developed by me prior to the Government's budget announcements for these figures, which is provided in an attachment to this submission.

For many the only option left to the student is to have a "gap year" after they leave school and defer their chosen university course to work and try to qualify for Youth Allowance independently. Until the recent changes this has meant that the student must work and earn 75% of the maximum rate of pay under wage Level A of the Australian Pay and Classification Scale (currently around \$19,000).

To achieve this many students have had to secure casual employment (with limited skills) often in more than one job to try to meet this benchmark. They are not able to claim the payment until 18 months after leaving school (sometimes 6 months into their university course). Having this time out from study can make it very difficult to maintain their enthusiasm following a gap year and for many it has simply become too hard to pursue their tertiary aspirations and they decide not to attend at all.

This is further exacerbated by high dropout rates following a gap year. These students often need support and encouragement to continue (which is not available from the family unit as they are no longer able to live at home).

Students are further disadvantaged in that they are not entitled to apply for any scholarships until receiving a Youth Allowance (not being eligible until 18 months after leaving school – 6 months into starting their first year of university) preventing them from applying for any Commonwealth Accommodation or Education Scholarships.

If a student is entitled to Youth Allowance after meeting all of the above criteria the maximum rate whilst living away from home is \$371.40 per fortnight (\$9656.40 pa). Rent assistance may be available as an addition to Youth allowance with the maximum rate of payment being \$74.13 per fortnight (\$1927.38 pa).

This leaves a large shortfall in the cost just to board and eat, let alone cover any extra costs. This forces many students to work long hours to make up the shortfall which impacts on their ability to study and places extra stress on the student who has already had to deal with the emotional burden of moving away from a supportive home environment.

The current financial support system is far from perfect, however the proposed reforms from the May Budget promise to make this situation far worse and will place an even greater barriers for students from rural and regional areas in obtaining a tertiary qualification.

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

Whilst advancement in communications have meant improved access to education, for many students who live in remote areas the cost to access these services is still placing a considerable burden on many families. Internet access has been very slow and relatively expensive making lessons for some children who learn by distance education an unnecessary and unfair impost on isolated families already struggling with crippling drought.

Concern must surround the reduction in choice for students from regional high schools and universities. Whilst South Australia is projected to see a very small decline in population in areas outside of Adelaide (-0.6% to 2018, Access Economics 2008) this should not be cause for a reduction in choice in subject areas or in institutions available.

Education options in these areas need to be flexible and innovative and use a collaborative approach across training providers to ensure there is a wide range of opportunity which reaches all regional areas. Whilst distance education is a useful tool for some – face to face teaching methods have historically proven to provide the best opportunity for student success.

There should be better transitional arrangements for students in understanding what their educational choices are post school with the opportunity for regional students to experience tertiary education through university open days or having university and TAFE facilities visit country secondary schools on a more regular basis. Students who live and study in these regions are more likely to stay in these areas to work once they have achieved a suitable qualification providing a much improved skill base to country communities.

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

The proposed government measures run a high risk of exacerbating the difficulties faced by prospective country students and promise to take the participation of students from rural and regional areas in higher education from terrible to disastrous!

Current participation rates of students from **regional** areas in South Australia only amount to between 14% at Adelaide University to 17% at Flinders University (Source: DEEWR Students, Selected Higher Education Statistics). Participation rates for students from **remote** areas in South Australia are between 1% and 3% and both of these figures have been decreasing during each of the past 5 years.

Parent and students from my electorate continually raise with me the importance of tertiary education and the need to have skilled people living in the area for regional and economic development for the future.

A study by Richard James (Rural and Isolated School Students and their Higher Education Choices) found that over 67% of students from rural areas nominated that they would prefer to study at University when they leave school and over 18% indicated that they would like to study at TAFE. This is a stark contrast to actual enrolment numbers and parents and students have constantly indicated to me that the main barrier to participation in tertiary study is the distance and high financial costs of studying away from home. All indicate the only way to address this imbalance is to financially and emotionally support regional young people to access education and training.

The proposed changes which effectively end the "Gap Year/Independent Youth Allowance" route to university study will cause far greater disadvantage to students of country origin.

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

Current government policy on regional university and TAFE enrolments do not specifically support enrolments at regional universities or TAFE colleges. Providing these services in regional Australia is already an extremely difficult proposition. Any changes of policy should clearly examine what the likely impact of the policy will be on these regional institutions.

The dramatic changes proposed by the government to Youth Allowance qualifications are highly likely to reduce enrolments for students from country areas, As most of the enrolments for regional institutions come from country students it stands to reason as this is the group most disadvantaged by the changes that they will impact disproportionately on those institutions.

If the long term impact leads to falling enrolments, regional universities and TAFE colleges will receive less funding and subsequently providing less course opportunities leading to worse educational opportunities for country students.

There is one major TAFE institution within my electorate with several campuses and one university in a regional city 4 hours from the state capital of Adelaide. A high proportion live away from home even though they are attending a regional university and as a consequence rely on the current Youth Allowance arrangements for support.

Under the government's proposals many of these students would not be eligible for support. Because of the regional institutions reliance on country based enrolments, it is highly likely the changes will impact more heavily on them than the city based campuses.

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

Under current policy there is simply not enough financial support for students from rural and regional areas to access tertiary education at the same level as city based participants. Government changes announced in the May 2009 will make access more difficult and reduce participation from this sector.

The five key measures of the Proposed Budget:

Abolishing two of the workforce participation criteria and tightening of the rules in relation to independence:

This proposal will have a catastrophic impact on the affordability of tertiary education for country students and I urge the government to reconsider this proposal. If the aims of the changes were to curtail access to Youth Allowance by students who are able to live at home and attend a tertiary institution then I have some sympathy for them, but they have used a very blunt tool which effectively takes from those who need it most and redistributes to those who have less need.

In the past independently accessed Youth Allowance has been the only means by which many regional students have even been able to consider a university education.

The proposed criteria for independently assessed Youth Allowance requiring students to work a minimum of 30 hours a week for 18 months of a two year period will be unachievable for all practical purposes.

For most students their "gap year" is spent in casual employment with variable hours, sometimes more than 30 hours a week, often less. A week where someone works 29 hours will not be considered. The work is often temporary, seasonal and far from consistent.

The availability of unskilled work in regional areas which will enable students to reach the minimum criteria is far from certain.

A two year "gap year" is far from ideal and if students use this route to university it is highly likely they will not return to study as they make life choices, get used to living on a wage, watch their peers progressing through the work-force and are offered opportunities in their employment fields. The chances of a 'loss of desire' are greatly increased in this scenario.

Deferment of university places for a two year period is problematical even though some institutions have signalled their willingness to do so.

Removing commonwealth Scholarships and replacing them with Student Start Up and Relocation Scholarships:

These Changes will mean that assistance available under the new Relocation Scholarship will be substantially less than the existing Accommodation Scholarship it replaces. A student must also be receiving income support to qualify for the new scholarships so once again totally abandons those who do not qualify for Youth

Allowance. It gives no recognition to of the substantial extra costs \$15,000 - \$20,000, incurred by a family which has to support a student living away from home.

The increase in the parental income threshold:

Is to be welcomed, however, the proposed level for the commencement of the taper rate is still too low. Gross Parental Income of \$42559 per year , does not sufficiently recognise the real costs of providing for a student to relocate, families on this income simply do not have the available resource to relocate and support students.

The reduction in the age of independence:

Is again a positive move however, as most students commence university when they are 18 – 19 years of age and will be almost finished their university courses before this provides any independent financial assistance to the student it will be of limited benefit. It will also not reach the age of 22 until the phase in date of 2012.

The Personal Income Test change:

The proposed changes to the Personal Income Test are to be welcomed, but once again are only applicable to those who are in receipt of income support which, courtesy of the other changes in the package will be a smaller group.

We must also be aware some courses are much more time intensive than others and the ability to extend working hours may not be an option to all.

F. The educational needs of rural and regional students;

Regional Australians comprise 36% of the population. Suitable education options for these young people should be a basic human right. They should not have their education compromised by unable to afford to attend a suitable facility.

Retention of students to year 12 level encourages the transition to vocational and tertiary study and this is much more likely if the student is living at home and being supported by the family unit. Improved pathways for these transitions are vital to country students.

Flexible delivery options with educational professionals being able to travel to schools and educational institutions in country areas to provide a wider range of face to face options of higher level qualifications of training (eg Diploma or Grad Dip) would also improve retention of skilled people in regional areas.

The government have recognised the need to encourage participation in tertiary studies and this has been backed up by the Review of Australian Education chaired by Professor Bradley. Access Economics (2008) predicts that there will be a shortfall of graduates over most years of the next decade. The proposed changes are likely to make these aims more difficult to achieve.

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

Regional Australia is diverse, dynamic and rapidly changing. Communities are held back by a lack of engaged professionals denying these communities the intellectual horsepower to address the challenges of the future. Students who originate in the regions are more likely to return to them.

It is inevitable and desirable that most tertiary students will spend time at the major teaching institutions in the city. Proposed changes will discourage students from taking that path.

It is also inevitable that the changes will encourage some families to choose to move with these young people to the city to provide emotional support and lessen the expense of education. This in turn will lessen the likelihood of those students ever returning to the country and the loss of their families is a net loss to the community.

This will have a seriously discouraging effect on regional development. With the current skills shortage regional young people are more likely to work in regional areas if they can afford to qualify themselves in areas such as education, health and agriculture but the difficulty has been in affording and accessing this education. Future policy should address this to make it more affordable as well as accessible in regional areas.

H. Other related matters

In addition to the above concerns I raise the retrospective nature of the proposed changes to Youth Allowance. I have received contact from many families who have children who are currently taking a gap year to try and attend a tertiary institution next year.

There have been no transitional arrangements made for these families who are desperately worried about how their students will be affected. I sincerely hope that the proposed budget changes will not be made in the current form, I urge this committee to recommend the government consider the unfair impact on the regional community of the proposed changes.

It should clearly quantify the benefits and demerits of the package and ask the government to halt the implementation process and develop a policy which lessens impacts on the regions, not increase the barriers to regional and rural children getting an education equal to their city counter parts.