

Submission to Senate Rural and Regional Affairs and Transport Committee



The community of St Joseph's College, Mildura, will be making representation in this submission to the effect that the proposed changes to Independent Youth Allowance, as we understand them, do not address the existing relative disadvantage that regional students and their families face in accessing tertiary education. Further to this is a widely held belief in our community that the proposed student income support package will actually increase this disadvantage.

We are concerned, as an educational organisation, that the financial impost placed on families to send their student to a larger centre for tertiary education is prohibitive for many. We contend that some students who would pursue tertiary education will choose not to do so because of financial concerns. This will not only be a significant decision for the individual, but will have a lasting impact on our region with existing and future skill shortages.

The changes to Independent Youth Allowance have made it virtually impossible for a potential student in Mildura to qualify before they need to relocate to commence studies. Previously, a significant number of our graduates would take a "gap" year to work the minimum 15 hours per week and qualify for Independent Youth Allowance within 18 months. Finding 30 hours of work per week over two years to qualify under the revised policy is simply not feasible for the vast majority and certainly unfair to those already in their gap year.

We will structure our submission around the relevant terms of reference:

(a) the financial impact on rural and regional students who are attending metropolitan secondary schools, universities or TAFE;

A small sample of school parents who have recently enrolled students in tertiary education were asked to estimate their costs. Some have chosen university colleges and others private rental. The findings are summarised in the following table:

TABLE 1: Case studies of current student costs based on information from St Joseph's College parents (2009).

	Student A	Student B	Student C	Student D	Student E	Average
Accommodation	\$18,339	\$11,900	\$9,360	\$19,000	\$17,000	\$15,120
Travel (local)	\$600	NA	\$1,600	as required	as required	\$1,100
Travel (home)	\$600	NA (independent)	NA (independent)	\$600	\$300	\$500
Study materials	\$500	\$1000	\$1000	\$500		\$750
HECS Debt	Deferred (\$40,000)	Deferred	Deferred	Deferred	Deferred	Deferred
						\$17,470

The cost of having a student live in a University College in Melbourne is approximately \$17,500 per annum . While the costs associated with local travel, study materials and HECs debt will be borne by all tertiary students, what is

notable in this data is that the most significant cost by far relates to accommodation. It should be noted that Mildura is over four hours drive from Adelaide and six hours from Melbourne.

There is a great discrepancy between the costs of tertiary education to a family living in Melbourne or Adelaide, as opposed to Mildura. While a student from Mildura has the same course costs as an urban student, they must relocate, find accommodation and also cover the cost of travel home.

This cost differential was highlighted in the recently released Victorian Government “Inquiry into Geographical Differences in the Rate in which Victorian Students Participate in Higher Education”. In the chapter on Financial Considerations was Table 7.2. As can be clearly identified in this case study of a journalism student, the total cost over three years is nearly 80% higher for shared rental and over double if the student resides on campus compared to home:

TABLE 2: Estimated study costs based on living situation (2009).

Table 7.2: Estimated costs for a Victorian journalism student commencing study in 2009, by living situation Costs		At home	Shared rental	On campus
Study costs	Tuition	\$16,309	\$16,309	\$16,309
	Course materials	\$3,154	\$3,154	\$3,154
	Computer & internet	\$2,292	\$2,292	\$0
Living costs	Establishment costs	\$0	\$3,544	\$3,097
	Accommodation	\$0	\$17,297	\$57,214
	Groceries & food	\$5,638	\$16,398	\$5,638
	Utilities	\$0	\$4,029	\$0
	Public transport	\$5,960	\$5,960	\$3,221
	Entertainment/other	\$5,638	\$5,638	\$5,638
	Ancillary	\$7,248	\$7,248	\$7,248
Total (three years)		\$46,239	\$82,382	\$101,519

(c) the implications of current and proposed government measures on prospective students living in rural and regional areas;

Previously, country students were able to qualify for Independent Youth Allowance by earning \$19,532 or more during a gap year. Now they will have to work 30 hours per week for 18 months, effectively deferring their studies for two years, unless they succeed in securing a full-time job in a declining job market. The changes to Independent Youth Allowance eligibility were designed to prevent the allowance being received by students living at home in major cities, but it will be students in regional areas who pay the price by losing access to tertiary education.

Metropolitan students are able to remain at home, with little financial change to their family, whilst they attend University. Country students, apart from a very few regional centres, have to relocate to the metropolitan area in order to pursue tertiary study. This sees Mildura students establishing a separate residence or attending university

residential colleges, which is a significant additional expense to a household. Few "middle Australian" families could afford the \$350 per week cost associated with living away from home for rural students to attend university. As a result the participation rates of rural students, who are already under represented in tertiary study, will significantly decline. In addition, Mildura students have the added emotional cost of moving away from the direct contact and support of their family.

Country people are being disadvantaged. The Bradley review of higher education has apparently ignored the practical implications for country tertiary students. Bradley emphasises the need to provide more equitable access and retention of regional and remote students to higher education. It bemoans the inequities that currently exist in the system, then it recommends the shut down of the main method by which country / rural students can qualify for Independent Youth Allowance and therefore get to University.

(e) the adequacy of government measures to provide for students who are required to leave home for secondary or post-secondary study;

We have attempted to construct a model to compare the relative benefits to a family under the current and proposed funding structures, based on the best information currently available from Centrelink (see APPENDIX - Table 3). While a pattern in the data is not easily discernible and only an individual case by case analysis could provide an accurate assessment, it would appear that the benefit to a family under the proposal quickly declines when the combined family income passes \$70,000.

Based on the estimations of the costs to maintain a regional student in university accommodation (see above), it would seem that a family with a combined income of \$70,000 would have to expend 25% of their income solely on keeping their child in tertiary study if they received no benefit. With the proposed benefit they would receive \$7,743 assistance after the 1st year. Under the existing arrangement and presuming their student qualified for Independent Youth Allowance, the student would receive a benefit of \$9,656. As combined parent salaries move towards \$90,000, the benefit under the proposal is severely diminished (\$3,743), yet even at this income level the cost of tertiary accommodation will account for nearly 20% of all income. At \$100,000, there is no benefit at all for 1st child, yet the cost of university accommodation remains.

It should also be noted that some families are attempting to educate more than one tertiary student and the changes proposed may lead parents into an extremely difficult choice as to whom they support.

There has been reference made in the new policy to increased availability of scholarships and additional help with relocation expenses. Commonwealth Accommodation Scholarships that currently provide \$4415 per annum for up to four years for eligible country based students will be replaced by a Relocation Allowance which provides \$4000 for the first year, but only \$1000 per year thereafter. What is clear from the data presented earlier is how far short of the "real" relocation costs these scholarships fall.

(f) the educational needs of rural and regional students;

"On Track" plots the destinations of school leavers and provides a comprehensive analysis of the destinations of Victorian students shortly after they leave school from years 10, 11 & 12. This analysis includes destinations by gender, year level, socio economic status and regional areas; reasons for not continuing in education and training; and details on the occupations and hours worked of employed school leavers. The data is collected by the Department of Education and Early Childhood Development.

“On Track” data has historically shown that Mildura/Sunraysia has one of the lowest uptakes of tertiary education by graduating Year 12 students. This is further reflected in the demographic of the region with 27.1% of the population having completed year 12 or equivalent in 2006 in the Mildura region and 8.1% of persons having a bachelor degree or higher. There are local tertiary opportunities in Mildura, but the range of courses is very small and most require the student to go to a different distant institution to complete the course.

Below is a graph (Figure 1) that compares like schools in terms of their % of Year 12 students who receive a university offer. From the "On Track" data for 2009 we have chosen schools where between 70% and 75% of Yr 12 students from that school received a university offer for 2009. This range was chosen because St. Joseph's College, Mildura fits into this range. As a school which is drawing from a population with a challenging demographic profile, we do a good job to get such a high percentage of students to receive a university offer.

Figure 1 shows those schools from the On Track data that fit into this range. The blue columns are country school and the brown columns are Melbourne & suburbs schools.

Figure 2 shows those same schools and the % of 2008 Yr 12 students who took up a university offer, and it is here that there is such a great discrepancy. Again the blue columns are country schools while the green columns are schools from Melbourne and suburbs. It is clear to see that students from country school are less likely to take up a university offer in the year following their school graduation.

Figure 1:

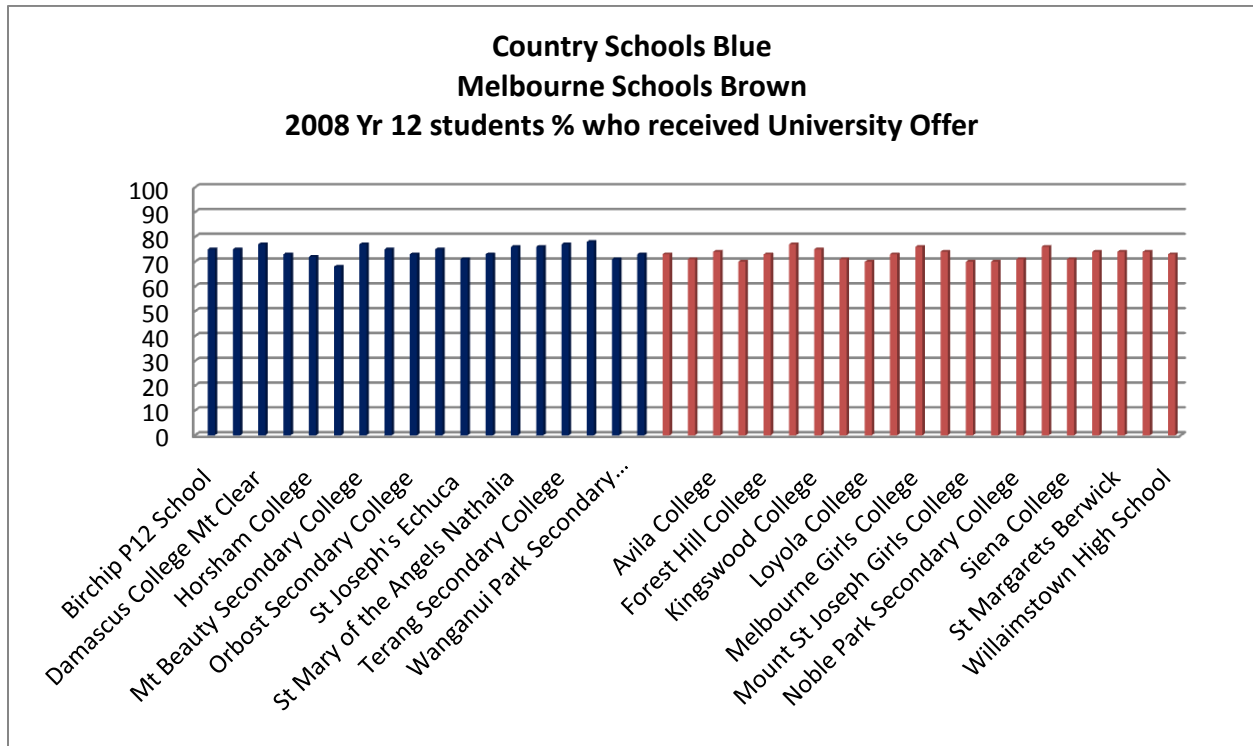
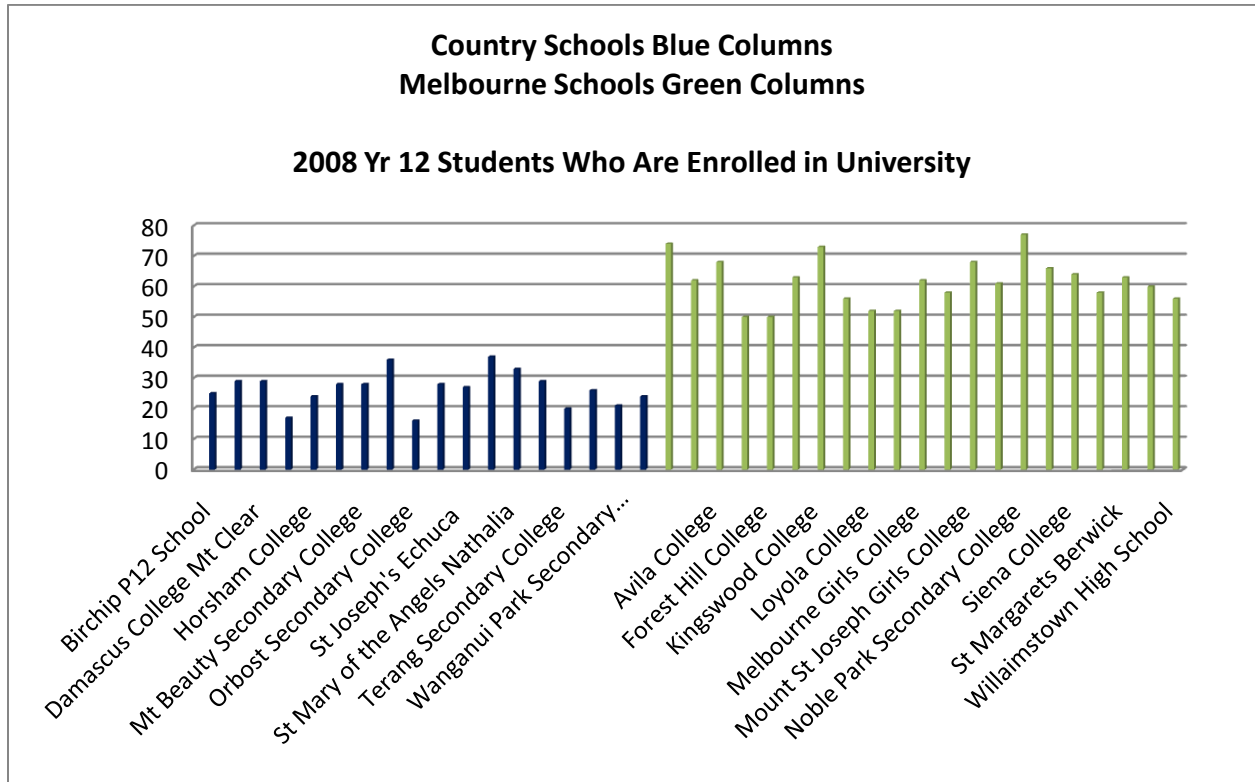


Figure 2:



At St. Joseph's College, Mildura we have recently surveyed our current Year 12's regarding their intentions for next year and it seems many defer because they cannot afford to go to university. Many will have taken a gap year and work/save (to qualify for Independent Youth Allowance under previous eligibility criteria) to help parents meet the high costs associated with sending a child from a distant rural community to university in the following year.

Figure 3:

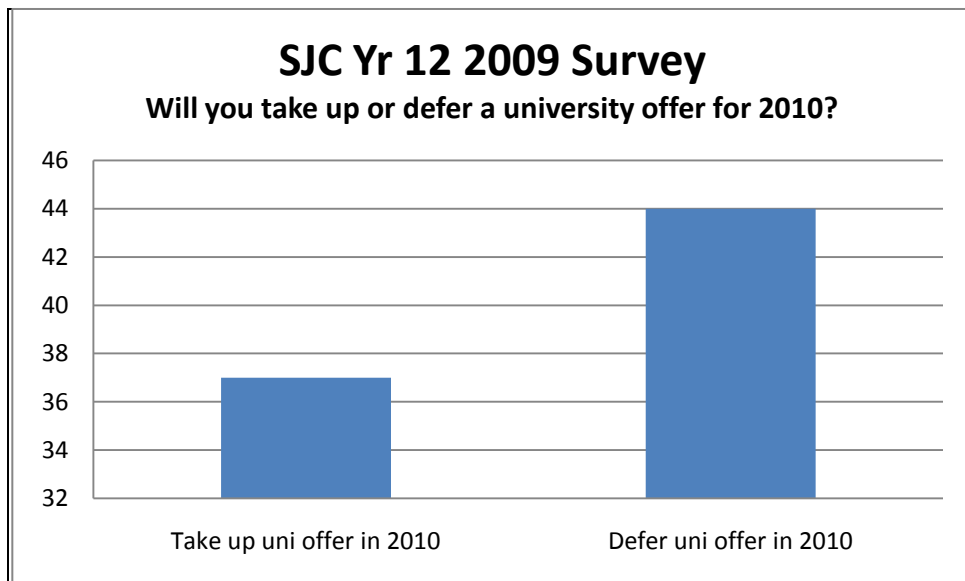
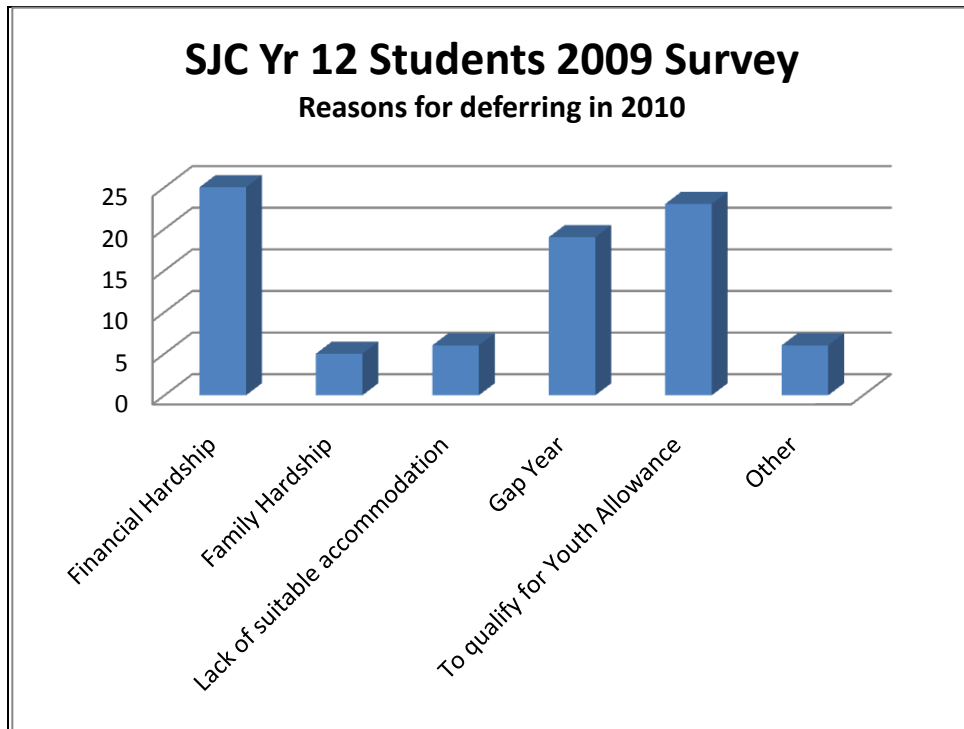


Figure 4:



The "On Track" research has provided a further demonstration of how significant the gap is between the number of rural and the number of city students who continue to further study. For example, compare St. Joseph's College, Mildura, an average-sized rural school, with Forest Hill College, a similarly sized school located in a metropolitan area. Last year, 79 students completed VCE at St Joseph's College, Mildura, 73 at Forest Hill. Of those, 73 per cent of the students from St Joseph's College, Mildura and 59 per cent from Forest Hill received a university offer, showing that in terms of academic results, rural students match their city cohorts. The area of concern, however, is in the number of students accepting those tertiary offers. Fifty per cent of the students from Forest Hill enrolled in a tertiary course this year, compared with just 37 per cent from St Joseph's College.

This suggests that many regional school leavers are not finding university education a viable option, preferring to enter the workforce with no skills or training in the hope of finding steady employment. Significantly, in light of the proposed changes to Independent Youth Allowance, is the final piece of data: 22 per cent of the students from St Joseph's College, Mildura deferred their university place in order to seek employment for a year. None of the students from Forest Hill decided to defer their university place. Most of these rural students will have been relying on the money earned this year to qualify for Independent Youth Allowance and help support themselves through university. The city students, however, were able to continue straight to university without deferral.

If this worrying trend continues, to whom will the people of Mildura, and other rural towns turn in 10 years' time, when they need a doctor, a dentist, or even an accountant? To all those who believe in the growth and development of rural areas, surely this must begin with access to university education for their young people?

Given that there are considerably more obstacles for country students to attend university already, what will be the impact of the new Independent Youth Allowance requirements?

1. Rural areas differ from metropolitan areas in terms of the availability of employment, especially school leavers targeting 30 hour per week jobs. It will be almost impossible for youth from country areas to find jobs of 30 hours

or more for a 2 year period as is required under new eligibility requirements for Independent Youth Allowance. Most of Mildura's young people must work a number of part-time jobs, with the majority of hours being available over the summer months.

2. Rural families want to provide educational opportunities for their children, but tertiary options are not available locally, or are extremely limited.

3. Many of these young people are now very uncertain and feel as though they and their families are being punished for living too far from the major population centres. Many young people from St Joseph's College will choose to review their future plans and may not be going to University at all.

4. The result of this new policy may see families who value their children's education having to leave rural areas for good. Once again, rural Australia will suffer the "brain drain" as parents who have professional qualifications, or run businesses (also employing country Australians) must uproot themselves so that their children can have an equal right to the education they deserve.

(g) the impact of government measures and proposals on regional and rural communities;

Important features of Mildura's demographic profile:

1. Mildura region population change was 8.2% from 2001 to 2006 and is forecast to reach 63,000 by 2026. The age bracket 15-19 years grew 9.2% from 2001 -2006 but the age bracket 25-29 years declined by 10.8%
2. 3.9% of the population is indigenous and 7.7% of the population speak a language other than English.
3. In 2008 the unemployment rate for the Mildura region was 7.5% while for the same period this was 4.4% for Victoria and 4.8% for NSW.
4. 15.1% of those employed are in the Agriculture, Forestry and Fishing industry while the average for Victoria for this sector is 2.9% and 2.8% for NSW. The Mildura region produces 15% of Australia's red wine crush and 26% of Australia's white wine crush and 34% of Mildura's businesses are in this sector. 17% of the Mildura regions Gross Regional Product (GRP) in 2007/2008 was from this sector. The wine grape production sector is under extreme pressure due to prolonged drought incurring lower yield and higher production costs and very low prices due to over production to the extent that for the 2009 vintage tens of thousands of tonnes produced were worthless.
5. The 2006 census data shows in the Mildura region 37.7% of households had income less than \$649 per week compared to 29.7% for Victoria and 30.1% for NSW. Given the present rise in unemployment and the effects of the drought and the extreme difficulties in the wine grape sector it is thought this discrepancy will have spread even further.
6. The average annual income for the Mildura region in 2005 -2006 was \$33,760. For the same period this was \$41,782 for Victoria and \$44,896 for NSW. That is the average annual income in the Mildura region was 19% below the average for Victoria and nearly 25% below the average for NSW.
7. The average weekly income in the Agriculture, forestry and fishing in the Mildura region in 2006 was \$726 compared to \$866 for the same sector in Victoria and \$855 for NSW.

It can be seen that Mildura region is well below the average for income and the immediate outlook is for this to deteriorate further. The area has well below tertiary participation rates seen in other areas and the number of tertiary qualified personnel is also well below elsewhere. The proposed changes to the Independent Youth Allowance may see a portion of the low income families gain a benefit; however there is a far greater disadvantage to modest income families already showing high disengagement with tertiary study participation. There is a very strong possibility that the data within "Inquiry into Geographical Differences in the Rate in which Victorian Students Participate in Higher Education" will show an even stronger bias to metropolitan families and their students.

Implications:

Mildura already finds it difficult to attract professionals in many occupation areas and because local youth will find it more difficult to go away and undertake university courses, the long term impact will most likely be less professionals being prepared to take up positions in Mildura. The best way to address this is to have local rural students trained in these professional areas, as they are more likely to return to local communities and work as professionals after they have graduated.

On top of this because people know that there will be extra costs for having their children attend universities if living in distant rural communities, it will make it even harder to entice professionals to come and work in Mildura. Why would a professional with children relocate to a distant rural community (like Mildura) when if they work in a capital city they know that when their children get to tertiary education age it will be much cheaper for the family if they in fact live in a capital city as opposed to living in a rural distant community where they will have considerable extra expenses if they are to send their children away to university.

Regional families are already doing it tough after years of drought and other economic concerns, and they will now also be affected by changes to the Independent Youth Allowance eligibility.

Conclusion and recommendation:

It is apparent that Government has been influenced by the actions of few to the detriment of the many rural students in these changes. If the Federal and State governments are committed to providing equity in educational access for all students, and desire them to continue on the education pathway to further tertiary study it is obligated to reassess these changes to reflect the needs of rural students and make tertiary study possible for every rural student and not just a dream. Changing the criteria for Independent Youth Allowance eligibility, places even more obstacles in the path of our rural students to achieve this fundamental right. The ability to access and achieve tertiary qualifications will be further diminished. It is very evident from our local data (as expressed above) that St Joseph's College students will be severely disadvantaged by these changes and will consequently have a flow on effect to the economy of our region over time.

A further major concern is the effect a two year deferment will have on rural students' desire to continue in further education. Their motivation to return to study after such a prolonged absence will be diminished, even more so than is currently witnessed with the necessity for a one year deferment. The momentum will be lost, and the risk is high that they may abandon their original career aspirations. It will all be too hard.

The recommendation is that all designated rural students who must relocate to further their tertiary study be allowed to remain with the status quo of earning \$19,500 in the 18th months after leaving school and become independent of parental income.

Yours sincerely,

Mr Darren Atkinson

PRINCIPAL

Mr Chris Ellis

CHAIRPERSON
ST JOSEPH'S COLLEGE
ADVISORY COUNCIL

APPENDIX

TABLE 3: Comparison of rates for Youth Allowance 2009/2010

Combined parental income		1 Student at University 1 st year only living away from home	1 Student at University beyond 1 st year living away from home	2 Student s at University 1 st year plus other year living away from home	2 Students at University beyond 1 st year living away from home	3 Student s at University 1 st year plus other years living away from home	3 Student s at University beyond 1 st year living away from home
40k	2009	7,852	7,852	19,292	19,292	-	-
	2009 (i)	9,656	9,656	19,312	19,312	28,968	28,968
	2010	15,910	12,910	28,820	25,820	41,731	38,731
50K	2009	5,356	5,356	14,508	14,508	-	-
	2009(i)	9,656	9,656	19,312	19,312	28,968	28,968
	2010	14,743	11,743	27,653	24,653	40,564	37,564
60K	2009	2,860	2,860	9,516	9,516	-	-
	2009(i)	9,656	9,656	19,312	19,312	28,968	28,968
	2010	12,743	9,743	25,653	22,653	38,564	35,564
70K	2009	360	360	4,524	4,524	-	-
	2009(i)	9,656	9,656	19,312	19,312	28,968	28,968
	2010	10,743	7,743	23,653	20,653	36,964	33,564
80K	2009	0	0	0	0	-	-
	2009(i)	9,656	9,656	19,312	19,312	28,968	28,968
	2010	8,743	5,743	21,653	18,653	34,564	31,564
90K	2009	0	0	0	0	-	-
	2009(i)	9,656	9,656	19,312	19,312	28,968	28,968
	2010	6,743	3,743	19,653	16,653	32,964	29,564
100K	2009	0	0	0	0	-	-
	2009(i)	9,656	9,656	19,312	19,312	28,968	28,968
	2010	0	0	17,653	14,653	30,564	27,564
110K	2009	0	0	0	0		
	2009(i)	9,656	9,656	19,312	19,312	28,968	28,968
	2010	0	0	15,653	12,653	28,564	25,564
120K	2009	0	0	0	0	-	-
	2009(i)	9,656	9,656	19,312	19,312	28,968	28,968
	2010	0	0	13,653	10,653	26,564	23,564

Rent assistance not included in all calculations

2009 (i) indicates current independent youth allowance

2009 indicates dependent student rates. These rates vary according to the number of dependent children per family.

2010 indicates proposed rates

Calculations are based on rounded off dollar figures.

2010 calculations of 3 students unavailable on Centrelink website an "new Youth Allowance" fact sheets and on contact with local Centrelink Office.