

**Submission to the  
Review of Student Income Support Reforms**

**April 2011**

**1. Introduction**

TDA welcomes this opportunity to contribute to the current Review of Student Income Support Reforms (RSISR). The Terms of Reference require an assessment of the equity impact of the reforms introduced through the *Social Security and other Legislation Amendment (Income Support for Students) Act 2010* (the Act). This submission addresses the Review's 'Key Questions' in terms of the impact of the 2010 reforms on TAFE students, employers and the workforce, particularly in regional Australia. The submission has been developed in the context of the recent TDA position paper on TAFE's role in regional Australia, a copy of which is attached. The submission also incorporates the views of TDA members expressed to the 2009 Senate inquiry on student income support in regional areas as well as those expressed during a recent teleconference with the Independent Chair of this Review.

**2. Current concerns and problems**

There is clear evidence that the proportion of low income and regional school leavers who continue to tertiary education is very significantly below the Australian average. The reasons for this are complex but predominantly involve financial hardship and a reluctance to leave their own regions combined with a lack of higher education facilities within reasonable reach of their homes.

The legislative amendments of 2009 were intended to alleviate some of these pressures. However, TDA believes that the current suite of reforms

- are largely ineffectual in achieving the Government targets for significantly improving higher education access and participation on the part of rural and lower income people
- will have a negative impact on participation targets in vocational education and training and on the Commonwealth's commitment to the development and retention of a skilled workforce in regional Australia

- discourage the development of cost effective regional TAFE-higher education pathways and thus diminish the potential and possibilities inherent in a more connected tertiary sector
- lead to an inefficient allocation of available government funds.

Within the scope of the current Review, the most significant barriers to achieving the Government's educational goals for equity and participation in a connected tertiary sector are

- the restriction of relocation and start up scholarships to students enrolled in higher education institutions
- the workforce participation requirements which effectively require two years of employment to establish independent status for youth allowance eligibility
- the absence of any graduated parental means test for those with a number of dependent children of tertiary education age.

### **3. Relocation and start up scholarships**

The restriction of these scholarships to higher education institutions is not made explicit in the Act and appears to have been introduced by a separate subsequent Determination in April 2010.<sup>1</sup> The rationale for this may have been the need for budget savings but the effect has been to further impel individuals towards university education for which they may be ill prepared and to force them to travel even further away from home and for longer than if they had been able to undertake their initial tertiary education at regional TAFE Institutes.

This particularly disadvantages people from isolated rural and remote areas. For example, people from very remote and vulnerable indigenous communities have found that they are eligible for these scholarships if they attend university in the larger cities but not if they wish to move to smaller regional towns where there is no university campus and/or if they are seeking more customised tertiary preparation in the less threatening TAFE environment. These financially disadvantaged prospective TAFE students have to either independently seek support from Job Services Australia or bear the cost themselves.

The current scholarship provisions also create glaring anomalies. For example:

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<sup>1</sup>Social Security (Approved Scholarship Courses) Determination 2010 (No. 1) - F2010L00807 <http://www.comlaw.gov.au/Details/F2010L00807/Download>, viewed, 4 May 2011.

- The scholarships are available for TAFE courses in the TAFE Divisions of dual sector universities but not for study at major regional TAFE Institutes which have an equivalent capacity for both preparatory education and university linked courses.
- The Commonwealth pays a *non-means tested* boarding allowance for rural students who need to live away from home to complete their secondary education yet a means tested relocation scholarship is *not* an option for these and similar students should they wish to continue their education as full time TAFE students.
- Students who choose a TAFE plus higher education pathway receive less financial support than students who use the same or a greater amount of time to complete one or more two university courses regardless of their relevance or otherwise to the skill priorities for the Australian workforce. This is not a cost efficient allocation of government funds.

The overall effect of these arrangements is to signal to country Australia that the Australian government has a lower regard for TAFE qualifications relative to even preparatory courses in higher education.

There is also ample evidence to indicate that a significant number of those who do leave their home regions for their entire tertiary education, tend not to return. Many regional communities therefore regard the current arrangements as unnecessarily exacerbating this trend.

***TDA recommends that the Minister agree to extend availability of relocation and start up scholarships to include eligible students enrolled in TAFE qualifications and tertiary preparation courses provided by TAFE Institutes and that this decision be widely publicised in time for prospective TAFE students to access this support by the beginning of 2012.***

#### **4. The Workforce Participation Requirement**

The 2010 reforms extended the duration of the workforce participation requirement from 12 months to 18 months. For those seeking independent status for youth allowance purposes, this effectively stretches the gap between secondary and tertiary education to two years<sup>2</sup>. There is ample evidence that this gap requirement is a significant deterrent to individuals ever returning to tertiary education, particularly in the case of those from lower SES backgrounds and from smaller, more isolated regional and remote communities.

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<sup>2</sup>Due, at least in part, to the lack of mid-year university intakes combined with the exclusion of TAFE from the full extent of financial support available to students enrolling in a university.

The requirement for individuals to be employed for an average of 30 hours per week over this longer time period also disadvantages many young people in country Australia because of the limited opportunities for full time employment and the higher youth unemployment rates which, in many regional and remote areas, reach well into double digits. Part time work of less than 30 hours a week is the best that many young people without tertiary qualifications can expect. This is particularly the case for young women who are less likely to be employed in the economically robust construction and mining industries. Those who are employed, are unlikely to be in jobs that provide significant training or skill development and, after two years, may well have lost the motivation and aptitude required for further learning, or, more particularly, for full time higher education.

The extension of the time requirement to 18 months has devalued traineeships in the minds of many young people who previously used the normal 12 months traineeship to gain both eligibility for the independent youth allowance/AUSTUDY and to acquire directly employable skills which they could use to supplement this allowance while studying full time.

Overall, the impact of the changes to the workforce participation requirement is likely to deter young people from pursuing further tertiary education and also add to already high rates of youth unemployment in many regional areas. This is not a cost effective use of government funding.

***TDA recommends*** that the current 'workforce participation requirement' be amended to recognise combinations of part-time work and part-time study and/or approved voluntary/community work equivalent to an average of 30 hours per week and that students who have completed secondary school and a 12 month traineeship be immediately eligible for youth allowance and the ancillary scholarships.

## **5. The inequitable structure of the parental means test**

The 2010 reforms do not take account of the costs of tertiary education for families with a number of dependent children concurrently undertaking full time tertiary education.

***TDA recommends*** that the current parental means tests be refined to include a sliding scale which acknowledges and compensates for the cumulative cost burden of maintaining more than one dependent child in tertiary education at any given time.

## **6. Financial and funding considerations**

The Terms of Reference indicate that, while there may be a case for removing regional eligibility distinctions, any recommendations for other reforms should be relatively cost neutral to the Australian Government.

TDA understands the rationale for removing regional distinctions but is equally concerned at the devaluing of vocational education which is embedded in the current arrangements.

The recommendations made in this submission are designed to provide prospective students with a more balanced choice of tertiary opportunities and are likely to encourage students to undertake TAFE-based tertiary preparation and TAFE-university pathway qualifications which are considerably more cost effective for both individuals and government as well as delivering graduates with a greater range of skills required by the Australian workforce. The considerably greater geographic spread of TAFE campuses (compared to university facilities) means that, as these articulated pathways become increasingly available, there will be significantly fewer young university students compelled to study away from home. This will yield further significant savings.