



Isolated Children's Parents' Association of Australia (Inc).

"Access to Education"

Submission

to the

Department of Social Services'

Welfare Review

from the

Federal Council

of the

Isolated Children's Parents' Association of Australia Inc.

ICPA (Aust)

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Welfare Review Submission Template

Pillar One: Simpler and sustainable income support system

Changes to Australia's income support system over time have resulted in unintended complexities, inconsistencies and disincentives for some people to work. Achieving a simpler and sustainable income support system should involve a simpler architecture, a fair rate structure, a common approach to adjusting payments, a new approach to support for families with children and young people, effective rent assistance, and rewards for work and targeting assistance to need.

Simpler architecture

Page 42 to 52 of the Interim Report considers the need for a simpler architecture for the income support system. The Reference Group proposes four primary payment types and fewer supplements. The primary payment types proposed are: a Disability Support Pension for people with a permanent impairment and no capacity to work; a tiered working age payment for people with some capacity to work now or in the future, including independent young people; a child payment for dependent children and young people; and an age pension for people above the age at which they are generally expected to work.

In shaping the future directions for a simpler architecture the Reference Group would like feedback on:

- What is the preferred architecture of the payment system?
- Should people with a permanent impairment and no capacity to work receive a separate payment from other working age recipients?
- How could supplements be simplified? What should they be?
- What are the incremental steps to a new architecture?

The Isolated Children's Parents' Association of Australia (ICPA Aust) represents families living in rural and remote regions of Australia. Our goal is to achieve equity of educational opportunity for all geographically isolated children and thus ensure they have access to a continuing and appropriate education determined by their aspirations and abilities rather than the location of their home. Due consideration must be given to factors which affect the delivery of and access to education by these children, factors which do not necessarily need to be considered within the context of metropolitan education.

What is the preferred architecture of the payment system?

In the past, ICPA's involvement with the welfare and income support system has been when young people leave home to attend university and attempt to access financial support through Youth Allowance (YA) to assist with meeting the costs of moving and living often great distances from home. Although not a welfare or income support payment, large numbers of ICPA members utilise the vital AIC allowance when their children study by distance education and/or board away from home for their secondary years.

Assistance for Isolated Children's allowance

The Assistance for Isolated Children's (AIC) allowance has previously been dealt with by the Department of Education and administered by Centrelink. As the reference group points out on page 67 of the Interim Report, the AIC scheme is not an income support allowance but rather an allowance which assists families with out of pocket expenses that are not imposed on families able to access face to face public schooling from home on a daily basis.

The AIC scheme must be recognised for providing assistance in meeting the specific and unique needs of a niche group to overcome the disadvantages that geographical isolation presents in the effort to access education. It is for this reason that the allowance is different to many other allowances. It does not provide assistance to address multiple or long term social and welfare issues and has no correlation to providing a pathway to long term dependence; rather, the AIC is provided to assist with accessing education during the compulsory years of schooling.

Attempts to rationalise parallel allowances paid to families with children being educated away from home, such as AIC Boarding Allowance and ABSTUDY, may intend simplicity. ICPA's view however is that this would further complicate the scheme and the administration of the AIC allowance, which many jurisdictions also rely on to identify students in need of further state assistance due to geographical isolation.

The fact that the AIC allowance has remained non-means tested for more than forty years is testimony to governments' recognition that, in our country, with a population spread over vast and in places, very remote areas, they accept the fact that traditional educational services are not able to be provided to all students. Schemes such as the AIC are the most cost effective way for government to overcome the challenge of education delivery due to geographical isolation.

Youth Allowance

ICPA concurs with the notion raised in the Interim Report around the need for a simpler architecture for income support. Students who are not able to access appropriate face to face tertiary studies while still living at home often experience inequities in their attempt to access financial assistance to relocate in order to undertake study. This is particularly evident with the Relocation Scholarship. Students receiving dependent Youth Allowance are able to access the Relocation Scholarship, while others who are receiving independent Youth Allowance and must relocate, receive no assistance to do so.

The financial impact that relocation has on both the student and families in their transition to university is highlighted in our [Tertiary Access Research, May 2013](#) report, conducted by Rural Press Marketing Services on ICPA's behalf. This supports our lobby for a Tertiary Access Allowance which our organisation sees as providing a part solution to this on-going issue of lack of financial support to enable access to tertiary education.

The concern raised by our members in accessing assistance for tertiary students who must live away from home has intensified over the years as the demand for higher skilled employees has grown, along with government expectations that students should participate in some form of tertiary education. For ambitious and motivated young people unable to access their chosen course on a daily basis, the current income support system is far too complex, fragmented and inefficient; coupled with the unpredictability of any assistance being received this means far too many young rural people are deferring and not returning to study at all or simply do not even contemplate studying at the tertiary level. In effect their aspirations are being driven and dictated by their ability to access financial assistance while they study.

While there has been an increase in participation in higher education over the last few years, students from rural and remote areas continue to be under-represented in tertiary studies. Overcoming the barrier that distance has on young rural people's ambitions must be addressed. This group of students should be targeted and dealt with differently from mainstream students.

Recommendation:

In order to overcome any unintended consequences, the management and operation of the AIC scheme in its entirety must be returned to the Department of Education, which is best placed to recognise the significance of this scheme. Consequently, this would lead to simplifying the architecture of the payment system.

Recommendation:

The basic AIC allowance must remain non-means tested in recognition of the additional costs imposed on families educating children who cannot access face to face schooling from their home.

Recommendation:

Students isolated from tertiary education due to location must be recognised as a separate disadvantaged group.

Recommendation:

Those students who must relocate to access tertiary education have a predictable, straight forward pathway to financial assistance. These students should be considered financially independent of their parents on course enrolment.

Recommendation:

A Tertiary Access Allowance, equal to the Relocation Scholarship, should be paid to students who must relocate from rural and remote regions and are not in receipt of dependent Youth Allowance.

How could supplements be simplified? What should they be?

Recommendation:

In order to simplify supplements ICPA recommends a higher base payment for students living away from home that recognises the onerous and cumulative costs students face when they move away from home to access tertiary study.

What are the incremental steps to a new architecture?

By supporting the needs of students who must relocate to study at the tertiary level, government would be directing investment for a short term to those who have the desire and ambitions to become engaged, productive members of our society. This would ensure long-term gain and effect long-term structural change in terms of productivity increases to rural areas.

Recommendation:

The first steps to a new architecture must be to meet the short term needs of students who must relocate to study at the tertiary level.

Fair rate structure

Page 55 to 60 of the Interim Report considers changes that could be considered to rates of payment for different groups. In shaping the future directions for a fairer rate structure the Reference Group would like feedback on:

- How should rates be set, taking into account circumstances such as age, capacity to work, single/couple status, living arrangements and/or parental responsibilities?

Assistance for Isolated Children's Distance Education Teaching Allowance

ICPA would like to draw attention to the unique circumstances that impact on families living in remote regions and a parent's capacity to undertake paid employment when the only access to education for their children is to study by distance education. While the AIC allowance was initiated to meet the needs of these families and the allowance remains vitally important in assisting families with these costs, it fails to recognise the enormous responsibility it places on families to ensure a competent distance education tutor is present in each home classroom on a daily basis. If a parent undertakes the role of distance education tutor it impacts severely on their capacity to earn an income and to participate fully in complex rural businesses.

While distance education services are well structured and distance education centres ably staffed, it is clear that distance education provision is founded on the assumption that all children have ready access to a person able to teach them the program in the geographically isolated classroom on a daily basis. This person is the distance education tutor, who must be available and able to provide the practical, day-to-day preparation, supervision and support required for the effective delivery of a distance education program.

The roles women undertake in the operation of family agricultural businesses have changed and grown increasingly complex over the years. With the responsibility of the distance education tutor position often falling on the mother, fulfilling this position further compounds her workload. This can place increased pressure on other family members and may necessitate the employment of additional staff.

Due consideration must be given to the encumbrance on approximately 1500 families in geographically isolated areas for whom distance education is the only means to educate children. The vital role of the distance education tutor should be recognised through the payment of a Distance Education Teaching Allowance which acknowledges the essential work they perform.

Recommendation:

That the Federal Government introduces a Distance Education Teaching Allowance for families in receipt of the AIC Distance Education allowance in financial recognition of the essential work distance education tutors perform.

Youth Allowance for Tertiary Students

For students relocating from rural and remote areas to larger centres for their studies, qualifying criteria for Youth Allowance should recognise that there are significant limitations on a student's ability to work due to study load. Semester breaks and returning home do not always produce increased employment opportunities due to relatively short working periods provided by semester breaks and isolation, and small towns presenting few work opportunities. Students living in remote and regional areas do not experience the same circumstances as those living in urban areas and must be treated as a different group.

Many rural families do not have access to mainstream education and must send children away to board for the secondary years; this has an enormous flow-on impact on a family's ability to support students studying away from home at the tertiary level. Our research ([Tertiary Access Research, May 2013](#)), indicated that 62% of our members with three or more children struggle with the costs of secondary education, let alone supporting tertiary students.

Families indicated that the financial impact this has is severe, with cost being a significant concern for 88% of members in terms of the cost of relocation and for 93% in terms of the ongoing costs of living away from home. Of those members able to meet the relocation and living costs, only 26% of ICPA members indicated they were able to meet this expense *without* government financial support. The ability to sustain this parental financial commitment, (the reported average cost is in excess of \$350.00 per week), for the duration of a student's entire course is also seen as a significant issue for 34% of students, with 74% of these students reporting that deferment is being chosen for financial reasons. Of note is that of those students who initially deferred, more than 20% eventually withdrew from their course of study.

Recommendation:

The high living costs for students who must live away from home to access an appropriate tertiary course is a significant deterrent and these students must be able to access income support in their own right once they have enrolled in their tertiary course.

Common approach to adjusting payments

Page 60 to 64 of the Interim Report considers a common approach to adjusting payments to ensure a more coherent social support system over time. In shaping the future directions for a common approach to maintaining adequacy the Reference Group would like feedback on:

- What might be the basis for a common approach to adjusting payments for changes in costs of living and community living standards?

Adjusting payments to ensure a more coherent social support system over time should aim to maintain the living standards of people relying on income support payments. Payments should be increased in line with broader changes in community living standards. To maintain real value an increase equal to the Consumer Price Index (CPI) would be a sensible approach, and in some circumstances the use of CPI sub-indexes, e.g. the education sub-index in relation to education costs, would be the most equitable means of dealing with this issue. For families living in remote areas whose children are required to live away from home to complete secondary years of schooling, the costs families must bear are unsustainable. ICPA members argue that the AIC Boarding Allowance, which is indexed to the general CPI, is not keeping pace with real increases, with the educational increases being almost double the current CPI for many years.

Recommendation:

Rent assistance and other payments affecting students, should be indexed to the CPI, ensuring it is in line with broader changes in community living standards.

Recommendation:

Consideration must be given to the real increases when educating children away from home. The AIC boarding allowance should be indexed in line with the CPI education sub-index in order to maintain comparative assistance.

Support for families with children and young people

Page 65 to 68 of the Interim Report considers how the payments could be changed to improve support to families with children and young people. In shaping the future directions for support for families with children and young people the Reference Group would like feedback on:

- How can we better support families with the costs of children and young people to ensure they complete their education and transition to work?
- In what circumstances should young people be able to access income support in their own right?

As an organisation focused on achieving equitable outcomes for all geographically isolated children by ensuring they can access continuing and appropriate education services, determined by their aspirations rather than the location of their home, ICPA believes strongly that these inequities must be addressed as children aspire to further their education in the transition to work.

Over the last decade or so the demand for higher skilled and educated workers by employers has grown considerably. For families whose children need to relocate to access tertiary studies in their transition to work, this increased demand requires them to be supported financially through this period.

ICPA annual conferences are now dominated by the frustrations and disappointment experienced by families attempting to access financial support for their children transitioning to tertiary studies. The Bradley Review argued strongly that students living in remote regions who continue to be under-represented at university must be recognised as a separate disadvantaged group.

The current fragmented, inefficient and highly complex income support system is not offering the certainty that financial assistance will be available for students who need to relocate. The needs of this disadvantaged group must be acknowledged as a genuine barrier and addressed if we are to encourage students to take on higher education.

Why should it cost more for rural students to attend university than those living close to institutions? Why should young people be penalised, possibly for the rest of their lives, because of where their parents live?

In what circumstances should young people be able to access income support in their own right?

While the recommendation of the Bradley Review to reduce the age of independence has been a step in the right direction, greater consideration must be given to rural and remote students who remain under-represented and who must relocate to study their chosen course.

ICPA has argued for many years that students who must relocate in order to access the most appropriate tertiary course for their needs and aspirations should be able to access income support in their own right and must be considered independent of their parents for the purpose of accessing financial assistance once they commence their tertiary studies.

Implementing this simple and practical measure would overcome some of the misconceptions around families who derive income from the land in terms of their having the ability to draw down on assets for the purpose of meeting educational access costs. A family whose income is derived from agriculture frequently has an asset base which excludes their students from accessing welfare payments because farming assets are deemed to be over the cut-off limit, even if their income is nil or negative. Farms are often not able, practically or legally, to have small sections sold off in order to enable families to support children in education. Many young people choose to not go on to tertiary education because they have younger siblings at boarding schools and wish to place less financial pressure on their families, which sees situations where multiple family members are disadvantaged by arcane and inequitable regulations.

Recommendation:

Students who must relocate in order to access their tertiary course must be able to access income support in their own right and must be considered independent of their parents for the purpose of accessing assistance once they commence their tertiary studies.

Effective rent assistance

Page 68 to 71 of the Interim Report considers Rent Assistance and suggests a review to determine the appropriate level of assistance and the best mechanism for adjusting assistance levels over time. In shaping the future directions for Rent Assistance the Reference Group would like feedback on:

- How could Rent Assistance be better targeted to meet the needs of people in public or private rental housing?

Students relocating to access tertiary studies, who cannot access university accommodation, find themselves caught up in the vicious private rental market. Accommodation in large cities is very competitive and extremely costly.

ICPA agrees that the rate paid as Rent Assistance has not kept pace with the increases in rental costs experienced by students receiving income support. As a consequence, income support recipients have to cover more of the costs of rent from their income support payments, which reduces the income available to cover other costs of living.

Recommendation:

ICPA supports the 2009 Harmer Review which concludes that:

“[A] separate index that more appropriately reflects changes in the cost of private rent would have merit [and could] be based on the actual rents paid by income support recipients to obtain a good measure of the actual changes experienced in the particular segment of the market in which this group operates.”

Rewards for work and targeting assistance to need

Page 72 to 78 of the Interim Report considers changes to means testing for improved targeting to need and better integration of the administration of the tax and transfers systems to improve incentives to work. In shaping the future directions for rewards for work and targeting assistance to need the Reference Group would like feedback on:

- How should means testing be designed to allow an appropriate reward for work?
- At what income should income support cease?
- What would be a simpler, more consistent approach to means testing income and assets?

ICPA's response to this question relates directly to the inequities that means testing is causing. Particularly when there are a number of tests applied, many families are denied the financial assistance necessary to overcome barriers to relocating students a great distance from home, even though it is accepted by government that these families incur greater costs.

It is ICPA's view that this complicated system of applying multiple means tests is a result of misconceptions around the assumption that farming families are able to draw down on a high asset base. Affected assets are frequently highly illiquid and, additionally, are vital in the running of the business. In many cases agricultural land operates under land tenure systems that prevent parcels of that land being sold off. While in the case of other allowances, such as the Assistance for Isolated Children allowance paid to those who cannot access face to face education in the compulsory schooling years, government recognises that educational services are not able to be provided to all students and contribute to meeting these costs. It is inequitable and illogical that this approach does not continue to flow through to tertiary study, which is now widely recognised as being as vital a part of education as early childhood, primary and secondary education.

When a student applies for dependent Youth Allowance, the income and assets of the family are assessed to determine if parents are able to financially support their dependent children. There are 3 parts to the test:

1. Family Assets Test.
2. Parental Income Test.
3. Family Actual Means Test.

ICPA argues that this system does not take into account actual family and business circumstances or truly reflect a family's ability to pay. Businesses in rural and remote areas, particularly family farming ones, operate in an asset-rich but income-poor environment. The current seventy five percent exemption needs to be increased to a more realistic level so that rural and remote families can access financial help to send their children away for tertiary studies.

The assets that form a vital part of the operation of these primary production businesses are generally not disposable nor likely to be considered by a financier as acceptable to draw down on for the purpose of meeting the education needs of children. These circumstances, when coupled with community expectations that primary producers must be self-supporting through periods of drought and commodity downturn, would require investment in assets that could be liquidated when there is limited or no income. In addition, parental age is ignored, where it may be that parents have accumulated assets over their working life to contribute towards retirement; neither does asset testing take into account the enormous out-of-pocket costs families, who face limited options, are paying for children boarding away for their secondary years.

The current system does little to overcome the need for assistance to live away from home and supports our recommendation for students to be considered independent in their own right if they need to relocate for tertiary studies.

Recommendation:

That students from rural and remote areas, who have to relocate from home to attend tertiary education, be automatically eligible for Independent Youth Allowance once enrolled.

Pillar Two: Strengthening individual and family capability

Reforms are needed to improve lifetime wellbeing by equipping people with skills for employment and increasing their self-reliance. To strengthen individual and family capability changes are proposed in the areas of mutual obligation, early intervention, education and training, improving individual and family functioning and evaluating outcomes.

Mutual obligation

Page 80 to 85 of the Interim Report considers more tailored and broadening of mutual obligation and the role of income management. In shaping the future directions for mutual obligation the Reference Group would like feedback on:

- How should participation requirements be better matched to individual circumstances?
- How can carers be better supported to maintain labour market attachment and access employment?
- What is the best way of ensuring that people on income support meet their obligations?
- In what circumstances should income management be applied?

Early intervention

Page 85 to 88 of the Interim Report considers risk based analysis to target early intervention and investment and targeting policies and programmes to children at risk. In shaping the future directions for early intervention the Reference Group would like feedback on:

- How can programmes similar to the New Zealand investment model be adapted and implemented in Australia?
- How can the social support system better deliver early intervention for children at risk?

Education and Training

Page 89 to 90 of the Interim Report considers the need for a stronger focus on foundation skills in both schools and vocational education and training, and on transitions from school to work. In shaping the future directions for education and training the Reference Group would like feedback on:

- What can be done to improve access to literacy, numeracy and job relevant training for young people at risk of unemployment?
- How can early intervention and prevention programmes more effectively improve skills for young people?
- How can a focus on 'earn or learn' for young Australians be enhanced?

Improving individual and family functioning

Page 90 to 93 of the Interim Report considers cost effective approaches that support employment outcomes by improving family functioning and the provision of services especially to people with mental health conditions to assist them to stabilise their lives and engage in education, work and social activities. In shaping the future directions for improving individual and family functioning, the Reference Group would like feedback on:

- How can services enhance family functioning to improve employment outcomes?
- How can services be improved to achieve employment and social participation for people with complex needs?

Evaluating outcomes

Page 93 of the Interim Report considers improved monitoring and evaluation of programmes aimed at increasing individual and family capability to focus on whether outcomes are being achieved for the most disadvantaged. In shaping the future directions for evaluating outcomes the Reference Group would like feedback on:

- How can government funding of programmes developing individual and family capabilities be more effectively evaluated to determine outcomes?

Pillar Three: Engaging with employers

Employers play a key role in improving outcomes for people on income support by providing jobs. Reforms are needed to ensure that the social support system effectively engages with employers and has an employment focus. These reforms include making jobs available, improving pathways to employment and supporting employers.

Employment focus – making jobs available

Page 95 to 100 of the Interim Report considers what initiatives result in businesses employing more disadvantaged job seekers. In shaping the future directions for making jobs available the Reference Group would like feedback on:

- How can business-led covenants be developed to generate employment for people with disability and mental health conditions?
- How can successful demand-led employment initiatives be replicated, such as those of social enterprises?

Improving pathways to employment

Page 101 to 107 of the Interim Report considers the different pathways to employment for disadvantaged job seekers such as vocational education and training and mental health support models. In shaping the future directions for improving pathways to employment the Reference Group would like feedback on:

- How can transition pathways for disadvantaged job seekers, including young people, be enhanced?
- How can vocational education and training into real jobs be better targeted?
- How can approaches like Individual Placement and Support that combine vocational rehabilitation and personal support for people with mental health conditions be adapted and expanded?

Supporting employers

Page 108 to 110 of the Interim Report considers what can be done to support employers employ more people that are on income support including better job matching, wage subsidies and less red tape. In shaping the future directions for supporting employers the Reference Group would like feedback on:

- How can an employment focus be embedded across all employment and support services?
- How can the job services system be improved to enhance job matching and effective assessment of income support recipients?
- How can the administrative burden on employers and job service providers be reduced?

Pillar Four: Building community capacity

Vibrant communities create employment and social participation for individuals, families and groups. Investments by government, business and civil society play an important role in strengthening communities. Also, access to technology and community resilience helps communities build capacity. Building community capacity is an effective force for positive change, especially for disadvantaged communities.

Role of civil society

Page 112 to 116 of the Interim Report considers the role of civil society in building community capacity. In shaping the future directions for the role of civil society the Reference Group would like feedback on:

- How can the expertise and resources of corporates and philanthropic investors drive innovative solutions for disadvantaged communities?
- How can the Community Business Partnership be leveraged to increase the rate of philanthropic giving of individuals and corporates?
- How can disadvantaged job seekers be encouraged to participate in their community to improve their employment outcomes?

Role of government

Page 116 to 120 of the Interim Report considers the role of government in building community capacity. In shaping the future directions for the role of government the Reference Group would like feedback on:

- How can community capacity building initiatives be evaluated to ensure they achieve desired outcomes?
- How can the income management model be developed to build community capacity?

Role of local business

Page 121 to 123 of the Interim Report considers the role of local business in building community capacity. In shaping the future directions for the role of local business the Reference Group would like feedback on:

- How can communities generate opportunities for micro business to drive employment outcomes?
- How can mutuals and co-operatives assist in improving the outcomes for disadvantaged communities?

Access to technology

Page 124 to 125 of the Interim Report considers access to affordable technology and its role in building community capacity. In shaping the future directions for access to technology the Reference Group would like feedback on:

- How can disadvantaged job seekers' access to information and communication technology be improved?

Community Resilience

Page 125 to 126 of the Interim Report considers how community resilience can play a role in helping disadvantaged communities. In shaping the future directions for community resilience the Reference Group would like feedback on:

- What strategies help build community resilience, particularly in disadvantaged communities?
- How can innovative community models create incentives for self-sufficiency and employment?