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**Submission to the Senate Education and Employment Legislation Committee Inquiry
into the Higher Education and Research Reform Amendment Bill 2014**

29 September 2014

*This Submission is based on the views of the National Rural Health Alliance but may not
reflect the full or particular views of all of its Member Bodies.*

Introduction

The National Rural Health Alliance (the Alliance) is the peak non-government organisation for rural and remote health and wellbeing. It comprises 37 Member Bodies, including consumer groups, bodies from the Aboriginal and Torres Strait Islander health sector, organisations representing rural health professionals (doctors, nurses, allied health professionals, dentists, pharmacists, paramedics, chiropractors), health service managers and health students. A complete list of Member Bodies is attached.

The Alliance brings together the voices of these 37 national organisations and a wide network of supporters, all committed to improving the health and wellbeing of the more than 6.7 million people of rural and remote Australia. With such a broad representative base, the Alliance is in a unique position to provide input on the broader issues relating to good health and wellbeing in rural and remote areas.

Each of the Member Bodies is represented on Council of the Alliance, which guides and informs policy development and submissions. Members of the Council come together face-to-face from across rural and remote Australia just once a year. This year, CouncilFest was held in Canberra from 19-23 September. Much of the time was spent developing and revising agreed positions on key policy issues. Council was then in Parliament House on Monday 22 September in delegations to parliamentarians.

One of the five priority issues agreed for those meetings with parliamentarians was opposition to some of the provisions of the Higher Education and Research Reform Amendment Bill 2014.

The Alliance therefore welcomes this opportunity to provide a submission to the Inquiry relating to the Bill. The Alliance's particular concern is the impact the provisions in the Bill would have on universities and students in rural, regional and remote areas¹ and, as a consequence, on the wellbeing of rural communities and on national efforts to secure a fair proportion of the health workforce for them.

Rural/remote health and income

The health disparities between city and country people are well-established and widely understood. Those living in rural and remote areas are generally older, in poorer health, and face greater health risk factors. These areas are also home to around 70 per cent of Australia's Aboriginal and Torres Strait Islander people, and their health status is considerably poorer than that of non-Indigenous Australians. Studies from the Australian Bureau of Statistics (ABS) show that people facing socio-economic disadvantage experience higher levels of disease risk factors and lower use of preventive health services.²

¹ Throughout this submission references to remoteness areas are based on ASGC-RA, in which category 1 is Major cities, 2 is Inner regional areas, 3 Outer regional, 4 Remote and 5 Very remote. For methodological reasons (eg small numbers) Remote and Very remote are often reported jointly. References to "regional areas" mean Inner plus Outer regional; and references to "remote areas" mean Remote plus Very remote.

² Australian Bureau of Statistics. Health and Socioeconomic Disadvantage. March 2013
<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Main+Features30Mar+2010>

The approach taken by the Alliance is to see 'health' as a broad notion that encompasses a number of individual contextual factors, including the level of education attained. Education attainment is an important determinant of workforce status and therefore income.

Globally, income is the factor most closely associated with health status because it allows access to good food and housing, provides the wherewithal to live in a 'safe' neighbourhood and to afford a range of healthcare options. In Australia, average family incomes are some 20 per cent lower in regional areas than in the major cities. Statistics from the Grattan Institute and the National Centre for Social and Economic Modelling demonstrate that, on average, those with lower levels of educational attainment earn significantly less over their lifetime than those who have completed some form of tertiary education or training.

More than 40 per cent of the rural population in Australia are on income benefits compared with 25 per cent in the cities.

Education and health outcomes are linked – and worse outside the cities

The number of years of completed education is a key determinant of the health of an individual.

There is already a significant gap in higher education attainment between the people of rural Australia and the major cities. According to the Australian Bureau of Statistics (ABS), in 2011 31 per cent of people aged 25-64 living in major cities held a Bachelor degree or above. This figure declined to 18 per cent in Inner regional areas, to 15 per cent in Outer regional areas and down to 12 per cent for Very remote areas.

Furthermore, the Australian Council for Educational Research (ACER) reports that young people in rural and regional Australia are less likely to aspire to a higher education than those in metropolitan areas. Sixty-three per cent of young people in metropolitan areas intended to enrol in higher education, compared with 39 per cent in regional and 32 per cent in remote areas.

Barriers to university participation by people from rural areas include lower high school completion rates, the additional costs involved, and social or cultural factors such as the lower educational aspirations of many of the people around them.

The ABS report, *Education across Australia: Australian social trends*, showed that, in 2006, 72 per cent of 19 year olds in Australia overall had completed Year 12 but in Very Remote areas the figure was less than 40 per cent. In 2000 over 35 per cent of the people in Major cities had participated in higher education, compared with 12 per cent of those in Remote areas and 4.5 per cent of those in Very remote areas.³ The proportion of young people who leave secondary school without completing Year 10 is also higher in Remote and Very Remote areas.

³ <http://ruralhealth.org.au/document/snapshot-poverty-rural-and-regional-australia>

Only 12 per cent of tertiary education is provided in rural and regional areas, and over half of the rural and remote students undertaking tertiary study have to live away from home. Cost is therefore a major inhibitor for people from rural areas seeking to obtain further education, especially for those in lower socioeconomic groups. Despite their lower family incomes on average, rural families already have to pay some \$25,000⁴ a year extra for a child to relocate to attend university or TAFE education. This is on top of the standard university fees charged.

Due to the tight eligibility criteria, particularly for farming families who are 'asset rich and cash poor'⁵, many young people in rural areas cannot access Youth Allowance, placing the full cost burden of supporting their relocation on their parents.

The importance of regional educational institutions

Access to education is a human right. It is vital that people are not disadvantaged in this respect as a result of their location or socio-economic status. To ensure that students from rural and remote communities are not disadvantaged, there are two main options: for the public purse to defray the higher costs for them of attending institutions (universities, TAFEs) in the major cities; and/or supporting the development and capacity of institutions in regional centres.

The tertiary education sector plays the pivotal role in educating and training people for the professions and the regional universities are a critical part of the sector.

Regional universities provide access to tertiary education relatively close at hand for people living in rural and remote areas. The training they provide has particular relevance for rural areas because of its setting.

The Alliance has a strong and ongoing interest in securing a better distribution of health professionals so that people in more remote areas have fairer access to them and their services. The current shortages of health professionals are well documented, but could be eased by raising Year 12 completion levels in rural and remote areas, and by positive discrimination to assist rural students gain access to university and TAFE courses.

Universities in regional centres are well patronised by students from the local region and, because students from regional areas are more likely to end up working in those areas, contribute significantly to the local availability of professionals. Regional universities play a critical role in providing a pipeline for students from rural areas to go through all stages of education and training across a range of professions until they end up practising back in rural areas.⁶

⁴ Charles Sturt University. Submission to the inquiry into Rural and Regional Access to Secondary and Tertiary Education Opportunities. August 2009

http://www.csu.edu.au/_data/assets/pdf_file/0020/51590/inq-rur-reg-acc-sec-and-tert-educ.pdf

⁵ Ibid.

⁶ Between 60 and 80 of every 100 graduates from regional university campuses start work in that region.

This is as true for health professionals as it is for any others and in recent years there has been a very welcome increase in health courses offered by regional universities or regional campuses. Some universities also provide special entry schemes for rural students to selected courses.

Professionals trained in local areas (including those in health sciences) and the students they teach in regional institutions are also important as role models for local students considering their future options. With reduced numbers of such role models the task for rural and regional communities of 'growing their own professional' will become even more challenging.

If the competition between universities for student places results in higher enrolments in health courses, the quality and number of courses on offer could be adversely affected, as well as the quality of rural clinical placements available to students.

Statistics from the Community Skills Council show proportionately higher enrolment in TAFE courses outside the cities. TAFEs are better distributed in country areas, permitting a fairer proportion of country students to have access. Regional universities have the key role to play in achieving such equity for university education.

The universities in rural and regional areas are highly valued not just for the educational opportunities they offer to people in the region. They are also critical parts of the regional employment and social infrastructure, widening the employment base of communities, developing the skills base of regions through training, partnerships and professional development and providing centres of regionally-based research directed to rural and regional economies which are critical to development of the local community.⁷

For all of these reasons it is important that regional universities are not disadvantaged by the changes to the Higher Education legislation and can remain as strong institutions for skills and learning in and for rural and remote Australia.

Minister Pyne has suggested that regional students and regional higher education institutions will in fact benefit from the reforms. On the other hand, Joel Fitzgibbon, Shadow Minister for Rural Affairs, has said:

" - -we need rural and regional Australia to be doing well to conclude Australia is doing well. Therefore we all want regional universities to thrive. - - the Government's plan for our universities will hit regional universities hardest. Therefore, it will hurt the aspirations of rural and regional students and their communities most. - - the capacity for regional universities to raise fees is limited by the capacity of the students to pay.

- - the Australian National University has 7,832 undergraduate students of which 273 or 3.5% are of from low-income families. For the Universities of Sydney and Melbourne the figures are 7.3% and 8.4% respectively. By contrast, Central

⁷ Charles Sturt University. Submission to the inquiry into Rural and Regional Access to Secondary and Tertiary Education Opportunities. August 2009

http://www.csu.edu.au/data/assets/pdf_file/0020/51590/inq-rur-reg-acc-sec-and-tert-educ.pdf

Queensland University (with 35.5%), Southern Cross University (26.4%), the University of New England (24.7%), University of Newcastle (24.3%), Charles Sturt University (24.1%), and Ballarat University (23.9%) have many more students of low socio economic status. - - those city-based 'elite' universities are in a much better position to recover money lost to government cuts by raising fees than those operating in the regions.

- - those tempted to think making students pay more should think about the greater good. Our regional universities are key drivers of local economies. They are major employers but they are more than that. Regional universities are part of the social fabric of regional communities."

The Alliance shares these concerns about the future of regional universities.

The proposed deregulation of fees and payments

University fees

It is proposed that the deregulation of university fees be combined with cuts (of 20-37 per cent) in funding for Commonwealth supported places in undergraduate degrees. The universities will set their own course fees and, to compensate for the Commonwealth cuts, substantial increases are likely.

University of Melbourne vice-chancellor Glyn Davis has noted that fees will need to be raised by 40 to 60 per cent to cover the loss of government funding.

There is some concern that the deregulation of university fees will create a 'two-tier system' that strongly benefits the 'Group of Eight Universities' while smaller, regional universities will struggle to compete. Confidential modelling prepared for university officials suggests the Group of Eight universities could collect up to half a billion dollars in one year while regional universities stand to gain far less, leading to concerns that the divide between regional and city institutions could widen.⁸

Whatever arrangements are agreed for student fees, the provisions currently in place to maintain quota systems to ensure fair representation of rural students in health professional courses and additional support for Aboriginal and Torres Strait Islander health students must be preserved.

Given their (average) lower family incomes and the higher costs they face in accessing universities, the higher fees will further increase the tertiary educational disadvantages already faced by country students. Down the track, it will (among other things) make it even harder for rural and remote communities to secure a fair distribution of qualified professionals.

⁸ ABC News Online. Leaked modelling forecasts massive windfalls for top unis. August 2014
<http://www.smh.com.au/federal-politics/political-news/leaked-modelling-forecasts-massive-windfalls-for-top-unis-20140826-108jz6.html>

It is widely agreed that medical students will be facing fees of \$100,000. Professor Peter Noonan, from the Mitchell Institute of Health and Education Policy at Victoria University, has commented as follows:

"I think it illustrates a problem with the package as its currently designed because medicine is limited in terms of the number of universities that can offer it, and the student numbers and the internships are also very limited"⁹.

Most students who graduate with medical degrees in Australia will have been at university for at least seven years before full-time employment. The lowering of the Higher Education Loan Program (HELP) debt repayment threshold to \$50,638 per year, and starting their working lives with a large debt, may well lead medical graduates to put remuneration before their vocation and job satisfaction when it comes to choosing a specialty and a setting for their work.

There is already a serious mal-distribution of GPs in Australia and so it is concerning that the increased cost of a medical degree could mean that recruiting GPs to rural and remote communities may well become more difficult as medical graduates search out higher paying employment.

The Higher Education Contribution Scheme (HECS) and student contributions

The proposal to charge interest on the HECS loan at the long-term bond rate will be regressive - penalising those who fail to secure high wages quickly after graduation. HECS was designed in such a way as to include an insurance principle such that people who go to university but who, for whatever reason, do not soon enjoy the benefits, are not financially disadvantaged. In the existing HECS system, debts grow at two per cent while wages grow at 3-4 per cent. However, under the proposed reforms, if someone takes time out of the labour market, their debt will grow at six per cent while their wage could be expected to grow at 3-4 per cent.

There is a legitimate argument that these changes would have a disproportionate impact on women, because many of them will choose to take time out from their paid jobs to start a family.

The additional costs already faced by students from rural and remote areas, including HECS fees, may not be repayable within a lifetime. This is likely to be a particular challenge for health professionals who choose to work in rural and remote Australia where incomes are on average lower due to smaller populations and higher business and professional costs.

In its submission to the Senate Inquiry, the Australian Nursing and Midwifery Federation (ANMF) considers the Bill's proposal that student contributions to the costs of their education should increase from approximately 40 percent to 50 percent. This is seemingly based on the premise that those with a university degree earn up to 75 per cent more than someone without a degree, or can earn an extra \$1,000,000 over their working life.

⁹ ABC News Online. UWA to hike fees 20 per cent if deregulation gets green light. September 2014
<http://www.abc.net.au/news/2014-09-23/uwa-to-hike-fees-30-per-cent-if-deregulation-gets-green-light/5762240>

The ANMF points out that, while it is true that across the spectrum of workers those with university degrees tend to earn higher incomes on average, for nurses and midwives this assertion is inaccurate. No nurse or midwife will earn a million dollars over their working life. An entry level degree qualified registered nurse earns around 13 per cent more than an entry level diploma enrolled nurse who, in turn, is paid around 12 per cent more than an assistant in nursing with a Certificate 3 qualification.

Faced with escalating fees and longer periods of debt, many students will be reluctant to undertake courses that do not have clear pathways to high remuneration, jeopardising the provision of safe, competent health services.

Commonwealth Scholarship Scheme

A matter of great importance to the Alliance and the people of rural and remote areas for whom it works is that the legislation encompasses changes to the provisions relating to Commonwealth Scholarship Scheme. The Scheme provides support for students who are disadvantaged by location and/or socio-economic status.

It is absolutely essential that there remains special support for students from rural communities in order to ensure the same level of access to higher education as students in metropolitan areas.

"It is important that students from rural and remote locations are classified as a disadvantaged group within the Commonwealth Scholarship scheme criteria so that assistance is provided to those most in need. Given the high costs that come hand in hand with relocation, it would seem obvious that this group who need to relocate, should then be automatically considered as a separate disadvantaged group requiring assistance to access tertiary education when the qualifying criteria for this scheme is decided on by individual universities." (Submission to the Inquiry from the ICPA.)

As well as the Alliance, other rural and regional organisations such as the Regional Universities Network are concerned about the Commonwealth Scholarship Scheme as it is currently structured in the Bill.

As it stands, the Scheme is to be funded by an excess 20 per cent earned by universities from raising their fees, after covering government funding cuts to their institutions. The plan has been widely criticised for favouring universities that can charge the highest fees rather than the universities with the largest number of disadvantaged students.¹⁰

¹⁰ Higher education institutions with a Commonwealth supported equivalent full-time student load of 500 or more will be required to allocate one dollar in every five of additional revenue to this new scheme. "With this investment, institutions will be able to provide tailored, individualised support to help disadvantaged students, including help with costs of living while they study, something regional students and families will especially welcome. The scholarships will also be able to cover fee exemptions and mentoring, tutorial support and even relocation expenses. The Commonwealth scholarship scheme will be complemented by the Higher Education Participation Program, which provides funding, irrespective of fee revenue, to allow universities to conduct outreach activities and undertake initiatives to support disadvantaged students." (from the Minister's Second Reading Speech.)

The Regional University Network has suggested pooling funds from all universities and then a redistribution of funds to universities based on their proportion of students of low socio-economic status or "directly to disadvantaged students against agreed criteria"¹¹

Universities with the lowest proportions of disadvantaged students will be able to offer more generous scholarships and so may be able to 'poach' the best students from the bush. This is a concern to regional communities and their universities. Studies show that 74 per cent of rural and regional students who leave their communities to study in an urban institution remain in the city. This statistic is of particular concern to the rural health workforce, with studies showing that health workers and practitioners who study and train in regional and rural locations are more likely to remain in a professional capacity after graduation.

Providing substantive and equitable scholarships to rural and remote students is critically important to relieving some of the financial burden associated with relocating and living away from home.

However improved access for rural people to tertiary education begins with primary and secondary schooling. Scholarships for tertiary study will do nothing to help individuals who have not succeeded through Year 12.

Reforms to the Start-up and Relocation scholarships

Relocation Scholarships are particularly important for rural and regional students. The Bill indicates that these scholarships will remain in place for students relocating to and between rural and regional centres. However, students are only eligible for Relocation Scholarships if they are enrolled in an approved scholarship course and are receiving Youth Allowance or ABSTUDY. The eligibility requirements for Youth Allowance are restrictive and could potentially disqualify families whose income is too high to be eligible to receive government support but are still unable to fully support their child relocating to a regional university.

The conversion of the Student Start-up Scholarship to a Student Start-up Loan will place further financial pressure on rural and remote graduates and could provide a further disincentive for rural families and students. Existing Start-up Scholarships are used by rural and remote students to alleviate some of the up-front costs of university study. They should continue as a scholarship rather than a government loan.

Indexation and the income bank

The Income Bank is an important measure to ensure that students who are receiving Centrelink payments are able to earn additional funds in order to support themselves when studying away from home. Freezing the indexation of the personal income free area of student payments, currently \$415 per fortnight, and the student income bank, currently \$10,300 from 1 January 2015 for three years, will place further financial strain on rural and regional students.

¹¹ Regional Universities Network. Submission to the Senate Education and Employment Legislation Committee on the Higher Education and Research Reform Amendment Bill. September 2014
http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/Higher_Education/Submissions

During this time, living costs will continue to rise yet students will be penalised in their efforts to increase their savings to enable them to meet their financial commitments while studying if they attempt to work any additional time to cover increased living costs.

Conclusion

Consideration of the proposals in the Higher Education and Research Reform Amendment Bill 2014 highlights the fundamental importance of good primary and secondary education for lifelong health and wellbeing. Discussion of the Bill is an opportunity to highlight the current disadvantage in school education experienced by many families in rural and remote areas, and to agree that investing in school education is the fairest and surest way to have greater participation in higher education of people from groups that are currently disadvantaged.

The Alliance is concerned that there appears to be little recognition of the differential effect that the proposed measures in the Bill are likely to have on students in rural and remote areas who are already disadvantaged where access to higher education is concerned, nor of the impact of the changes on the supply of health (and other) professionals to remote communities.

There is a widespread acceptance that the most effective way to assure a fair proportion of health professionals working in remote areas is through a lifetime or pipeline approach to education and training of professionals. The Alliance is on record as supporting such an approach, including through its support for a 20-Point Plan for improving health services and health workforce in rural and remote areas.¹²

The elements of this Plan are in the chronological order in which they relate to the lifetime path of an individual who might work in the rural and remote health sector. The very first step in the Plan is to encourage high school students from rural and remote areas to enter health professional training. This can be underpinned through mandated targets for rural intake by health professional faculties and by supporting regional universities.

Regional universities are critical parts of the social fabric of rural and regional communities and their students play an important part as mentors for younger local students. Coupled with the proposed changes in fees and student payments, the potential adverse effects of some of the Bill's provisions on the vitality and sustainability of regional universities have people in rural and remote areas very concerned.

Recommendations

1. Access to good education is a human right and anything that happens to increase the existing disadvantage experienced by children and students from rural and remote areas must be resisted. The provisions in the Bill should be amended as necessary to ensure that the whole package does not have that effect.

¹² <http://ruralhealth.org.au/document/nrha-s-20-point-plan-improving-health-services-and-health-workforce-rural-and-remote-areas>

2. It is essential that a program of positive discrimination, through quota intakes at educational institutions, income support, HECS reimbursement schemes and special scholarships, be maintained in order to provide fair access for students from rural and remote areas to post-school education.
3. The Working Group established by the Minister on the revised Commonwealth Scholarships Scheme must make good the commitment not to allow students from regional and rural Australia to be (any longer) held back by financial barriers. That Working Group should deem students from rural and remote areas who have to set up a second home in the city to automatically be among those who are "disadvantaged". The Scheme should recognise the full costs incurred when it is necessary to travel to and live in a distant regional centre or capital city.
4. In any changes to the commercial arrangements for university courses and fees, the special implications for recruiting and retaining Aboriginal and Torres Strait Islander people to such courses must be considered. This is particularly important for the health sciences.
5. The Alliance supports the proposal to pool Commonwealth Scholarship Scheme funds and to distribute them to universities based on their proportion of students of low socio-economic status or directly to disadvantaged students against agreed criteria.
6. Start-up Scholarships should continue unchanged, not converted to a loan scheme.
7. The unique and growing contribution made by regional universities to a fair distribution of professionals across rural and remote areas, including health professionals, must be recognised and regional universities should not suffer in competition with the Group of 8.

Member Bodies of the National Rural Health Alliance

ACEM (RRRC)	Australasian College of Emergency Medicine (Rural, Regional and Remote Committee)
ACHSM	Australasian College of Health Service Management
ACM (RRAC)	Australian College of Midwives (Rural and Remote Advisory Committee)
ACN (RNMCI)	Australian College of Nursing (Rural Nursing and Midwifery Community of Interest)
ACRRM	Australian College of Rural and Remote Medicine
AGPN	Australian General Practice Network
AHHA	Australian Healthcare and Hospitals Association
AHPARR	Allied Health Professions Australia Rural and Remote
AIDA	Australian Indigenous Doctors' Association
ANMF	Australian Nursing and Midwifery Federation (rural members)
APA (RMN)	Australian Physiotherapy Association Rural Member Network
APS	Australian Paediatric Society
APS (RRPIG)	Australian Psychological Society (Rural and Remote Psychology Interest Group)
ARHEN	Australian Rural Health Education Network Limited
CAA (RRG)	Council of Ambulance Authorities (Rural and Remote Group)
CRANApplus	CRANApplus – the professional body for all remote health
CWAA	Country Women's Association of Australia
ESSA (NRRC)	Exercise and Sports Science Australia (National Rural and Remote Committee)
FRAME	Federation of Rural Australian Medical Educators
FS	Frontier Services of the Uniting Church in Australia
HCRRRA	Health Consumers of Rural and Remote Australia
IAHA	Indigenous Allied Health Australia
ICPA	Isolated Children's Parents' Association
NACCHO	National Aboriginal Community Controlled Health Organisation
NRF of RACGP	National Rural Faculty of the Royal Australian College of General Practitioners
NRHSN	National Rural Health Students' Network
PA (RRSIG)	Paramedics Australasia (Rural and Remote Special Interest Group)
PSA (RSIG)	Rural Special Interest Group of the Pharmaceutical Society of Australia
RDAA	Rural Doctors Association of Australia
RDN of ADA	Rural Dentists' Network of the Australian Dental Association
RFDS	Royal Flying Doctor Service
RHWA	Rural Health Workforce Australia
RIHG of CAA	Rural Indigenous and Health-interest Group of the Chiropractors' Association of Australia
ROG of OAA	Rural Optometry Group of the Australian Optometrists Association
RPA	Rural Pharmacists Australia
SARRAH	Services for Australian Rural and Remote Allied Health
SPA (RRMC)	Speech Pathology Australia (Rural and Remote Member Community)