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The Committee Secretary  
Senate Standing Committee on Rural and Regional Affairs and Transport  
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## **SUBMISSION TO THE SENATE INQUIRY EXAMINING THE IMPACT OF THE PROPOSED CHANGES TO THE INDEPENDENT YOUTH ALLOWANCE CRITERIA**

In January 2007 many electors agreed with Kevin Rudd as he spoke for the ALP in his campaign to become our Prime Minister when he said “Education is the platform on which our future economic prosperity will rest. It is the focus for our future aspirations. With a Labor government, it will be the first priority for investment and reform.” (New Directions Paper on the critical link between long term prosperity, productivity growth and human capital investment. ALP January 2007) Education is the platform on which our *future rural and* metropolitan economic *and social* prosperity will rest.

The proposed changes in the eligibility criteria for Independent Youth Allowance will not impact city families to the extent that they will affect rural families because most city students can choose to live at home whilst attending university. The majority of rural students need Youth Allowance to afford to leave home to attend university.

Changes to will impact hardest on middle income rural families, on students who are academically eligible to undertake tertiary education. Students need to decide by the age of 15 if they are to undertake the tertiary entrance pathway through high school, to dedicate themselves to work extremely hard throughout years 11 and 12 to achieve university acceptance. It is imperative that they can make these decisions with the knowledge that they can expect to be able to afford to attend university.

**If the proposed changes come into affect, rural high school graduates who need to achieve eligibility for Independent Youth Allowance to enable them to afford to study at university will have 3 choices;**

- 1 These young adults will need to work full-time for at least 30 hours a week, for at least 18 months consecutively within 2 years, earning a minimum of \$18,850 can **aim for the mid year university intake during the second year after they complete secondary education. A two year deferral will be necessary for those enrolling in courses that do not accept mid year intake** such as Medicine or Law. (If a casual worker has a medical certificate instead of a pay slip for 15 hours of a 30 hour week, 17 months into their 18 months work, will they need to restart their entitlement effort?)
  - 1.0 This is change is proposed during a period of reduced employment opportunities.
  - 1.1 The longer those students are in the workforce, the more likely they are to establish reliance on regular income, embark on travel or have children instead of going on to university.

1.2 The longer that young people are performing adult roles in a community the more valued by and attached they become to their community. This could be by assisting family, playing or coaching sport, or any kind of local commitments, which deter them from moving away to attain tertiary education.

**2 Students can work until they are 22 years old to become eligible for Student Allowance so that they can then afford to commence university.**

**3 Parents fully fund their young adults to relocate and live in the city and pay for their books, transport and accommodation whilst the students accrue a considerable debt for their education. Some rural professionals are reluctant to encourage their students to undertake the financial challenge as it is.**

3.1 Parents will need to accept full financial responsibility until their children reach 22 years of age when they become eligible for Student Allowance. For families with multiple academically orientated offspring this will be a huge commitment.

3.1.1 Parents and students will need to accept the high cost or debt accrual of the university course fees.

3.1.2 Parents who are in a position to pay or to borrow money to enable their children to start university the year after they complete high school will be doing so at the stage of their working lives when many might otherwise be saving toward, instead of postponing their own retirements.

3.1.3 Parents advise their children that they will not be able to commence university until they turn 22, when they can get access Student Allowance.

3.1.4 More parents will encourage their children to take up apprenticeships or traineeships instead of aiming for university.

3.2 Life and career plans change dramatically for young people when university graduation ages change. For example, for 4 year university courses, students; enter straight after completing high school to graduate at 21, work a gap year and graduate at 22 or enter at 22 and graduate at 26 years of age. This is extended for longer courses such as medicine or law.

3.2.1 This is particularly concerning for girls because if they want to have children, they have a limited number of years after university in which to establish their career before they need to take time off to share their time and energy between career and children for many years.

3.2.2 It is very essential for healthy social structure that we aim for gender balance among professional leaders.

- 3.3 Many parents are over the parental income threshold because they both work hard to support their families, yet their incomes are not sufficient to enable them to pay for their children to live independently in the city where the majority of universities are located.
- 3.4 Average incomes in rural areas are statistically lower than average city incomes, decreasing affordability for rural students.
- 3.5 Middle income rural families with multiple children are the most disadvantaged. If students could live at home to attend university it would negate the cost of relocating to live independently in the city.

**The joint parental income threshold is well below two parents earning average wages. Most responsible rural families, who raise a family independently of welfare assistance, need to have two parental incomes, which provide enough to assist their students on top of Youth Allowance but not enough to fully fund young adults to live away from home independently and attend university.**

#### RURAL STUDENTS NEED YOUTH ALLOWANCE TO AFFORD TO LIVE INDEPENDENTLY AWAY FROM HOME

We are a middle class rural family and can not afford to send our 3 children to the city to attend university unless they can receive Youth Allowance or we relocate the whole family to the city. One was Dux of a large high school, 2 earned Tertiary Entrance Rankings over 90% and the other over 80%.

In her aim to meet Youth Allowance eligibility this year, our third daughter has worked since she left school. At one stage she had two jobs but her rosters fluctuated above and below 30 hours per week and it became too hard for both her and her rural employers for her to maintain two jobs. We are relieved that this year's 'gap year' students can qualify on the old criteria because two years out of study would also reduce her academic aptitude and drive.

#### NEW YOUTH ALLOWANCE ELIGIBILITY WILL DUMB DOWN RURAL COMMUNITIES

The proposed changes will flow on to a reduction in the number of university graduates who will choose to work outside the metropolitan areas, which will have the flow on affect of serious reductions in professional services in rural areas. For example, the University of Western Australia implements strategies to attract rural students into the School of Medicine because research shows that students who come from rural areas are more likely to return to work in short staffed rural practices and hospitals after they graduate.

Succession planning for rural family businesses will be impeded because many businesses have middle income earning capacity for proprietors, yet for business to maintain currency, it is important for the upcoming generation gain tertiary education. It is equally important to be able to recruit well trained staff.

I ask you to support rural students who aspire to attend university, to be able to continue to gain Independent Youth Allowance within 18 months of completing high school by earning an achievable target income within 12 months. To achieve this eligibility, young people would continue to contribute as employees in many casual and part time positions whilst also gaining valuable experience. This system enables them to relocate to attend university after one year of deferral because it is

achievable for parents to assist or for students to support themselves from savings, until May of semester one, when Youth Allowance can commence. To meet the proposed criteria of 30 hours per week consecutively for 18 months, most rural aspirants for Independent Youth Allowance will need to relocate from their rural communities just to source employment that can meet the criteria.

#### CAREER ESTABLISHMENT AND CHILDBEARING

Two years to earn affordability to live independently of the family home to attend university plus four to six years at university plus a minimum of four or five years to initiate ones career means that professional females are significantly compromising their career if they take time out to have babies before they are nearing the end of their optimal childbearing age. An initial two year setback can make all the difference in the choice between children or career or inadvertently, between natural conception, IVF, or no children!

#### SUMMARY

Youth Allowance with the old eligibility requirements was the life line for many rural families to be able to afford university education for their children. As a rural parent, whose own rural parents' business commitments prevented them from helping me, a straight A student, to further my education, I am horrified to see these new impediments threaten to disadvantage future rural university aspirants and subsequently, rural communities.

Politicians who have so little knowledge of the availability of employment or choice of tertiary education for young people in rural Australia should not have the patronising ability to veto tertiary education aspirations for rural youth.

**A RURAL INDEPENDENT YOUTH ALLOWANCE** could be initiated with the same or similar eligibility criteria as the current allowance, to continue to enable rural students to access metropolitan university education with no more than one gap year between high school and university. This could allow the Government to save face and meet rural needs. The proposed Start-Up and Relocation Scholarships would be welcomed but not as a trade off.

6 October 2009