

Committee Secretary,
Senate Standing Committee on Rural & Regional Affairs & Transport
PO Box 6100
Parliament House
Canberra, ACT
2600



Dear Sir or Madam,

Thankyou for the opportunity to comment on changes to the AUSTUDY / Youth Allowance system affecting the “gap” year.

As background to these comments, I would like to describe our personal circumstances as I believe these are relevant to these comments. Our family has 3 children – the eldest two completed tertiary study while we were living in Adelaide (B. Sc. with Honours, B. Mech. Eng). In 2003 we moved to the family farm and are rurally based. I personally have worked for the University of Adelaide as a Professor of Plant Breeding 1994 – 2003. This involved R&D but significantly I also taught undergraduate and post graduate students in Agricultural Science. Our youngest son is currently in a “gap” year, having completed Year 12 in 2008, achieving a TER of 99 and is now enrolled in B. Mech. Engineering at University of Adelaide with a planned start date of March 2010.

We view the changes to the “gap” year criteria as misguided and inequitable, further weakening the position of rural students. It is symptomatic of a wider problem with the AUSTUDY / Youth Allowance system, which is clearly inadequate. There are 3 areas of concern;

1. **Date of introduction of scheme.** Our son and 5 his peers have planned from mid 2008 that they would undertake a “gap” year in 2009 to save some money and “recharge their batteries” ahead of their tertiary study planned to begin in March 2010. In May 2009, the rules around eligibility were changed completely and these students are now faced with the decision as to whether to defer to 2011, as they need to seek work with higher hours per week or seek full time work and drop their plans for tertiary education. At very least, the date of introduction of the new criteria should aim to include 2009 Year 12 graduates, so that they can plan their future knowing the new rules before they embark on their gap year.
2. **Eligibility changes.** By forcing students to work for 2 years and working at least 30 hours to qualify, I believe more students will find permanent work and decide that the prospect of returning to study on an AUSTUDY allowance is a particularly unattractive option. This surely is not a good outcome for rural students nor Australia as a whole
3. **AUSTUDY / Youth Allowance for rural students.** The criteria for eligibility are ridiculously low and out-of-date with the current cost of living and wage / income levels. Allowances begin reducing once a threshold of
 - Parental income exceeds \$28 850p.a.
 - Family assets exceed \$157 000 or \$270 500, if you are ‘independent’ and higher if ‘dependent’ or ‘partnered’. The Family Assets Test takes into

account personal, business and farm assets. A 75% discount is applied to business and farm assets. No payment can be made if your family's assets exceed \$571,500.

For farming families, the asset value of the farm may be between \$2-5 million and yet generate only 1-3% return on capital, and have a annual cash profit of \$20,000 – \$50,000 against a cash outlay of \$200,000 - \$500,000. Under current eligibility rules, such families will never qualify for assistance yet these businesses are under great stress due to 3 years of drought to the point where their viability is in doubt.

I believe the scheme does not recognise the true costs of rural students undertaking study in a capital city. The following is a calculation of the costs of our son attending university in 2010.

Alternative one - Attendance at a residential college

- Rent at residential college \$290 / week
- Cost of owning a car (weekly cost fixed cost \$100 operating costs \$50)
- Miscellaneous costs \$50 week
- Total cost = \$490 / week

Alternative two – rent in twin share flat

- Rental in twin share flat - \$150 / week
- Food / utilities / etc \$ 150 / week
- Cost of owning a car (weekly cost fixed cost \$100 operating costs \$50)
- Miscellaneous costs \$50 week
- Total cost = \$500 / week

Current youth allowance for a single person with no children, 18 years and over and not living at home is **\$371.40 per fortnight**. This amount is totally inadequate, which means that the student will inevitably have to seek part time work. Having taught at Adelaide University for 10 years (1994 – 2003), I know that most rural-based students do work part time and that this significantly diminishes their ability to study to the level I believe is required.

I am at a loss to understand what this scheme is trying to achieve. Surely, it should be the aim of government to absolutely maximise the participation of young Australians in tertiary education. This scheme does nothing to foster this goal, and in fact just reinforces the difficulties for any student required to live away from the family home. We found that our two eldest children completed their tertiary studies with a minimum of cost and fuss, when we were living in Adelaide. The prospect of our youngest son undertaking his engineering degree as a student living away from home is certainly one of much higher costs and much greater barriers to successful completion.

Yours sincerely,



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formerly Professor of Plant Breeding, University of Adelaide