

7 July 2009

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

Dear Sir/Madam,

YOUTH ALLOWANCE ELIGIBILITY CHANGES – MAY 2009 BUDGET

I write as a concerned country parent about the proposed changes to Youth Allowance eligibility announced in the May 2009 budget.

The proposed changes further discriminate against rural and regional students by making the qualifying of Youth Allowance even tougher. The changes require a young person to work for a minimum of 18 months at 30 hours per week to be considered independent of their parents. This period of work is called the 'gap year' and now will become a thing of the past. It is very difficult for the student to actually earn the \$19,000 in the 18 months required for independent status, as many of the types of available jobs are casual, seasonal and infrequent.

Under the changes, the family income threshold has been increased from \$32,000 to \$42,000, meaning that the combined income of both parents has to be lower than the \$42,000 for the young person to be eligible for Youth Allowance.

When a Year 12 student takes a year out to work with the intention of gaining independent status and to qualify for Youth Allowance, there are only 15 months between Year 12 finishing and deferring the university degree for one year. The possibility of deferring for two years is not an option as most university degrees only allow deferral for one year.

I doubt that many city people would understand the expense involved in maintaining their son or daughter in accommodation in the city so that they can undertake a university degree. Depending on whether they can secure a part time job and assist with expenses, the cost for one student could be around \$15,000 per year. In some families there are more than one student attending university at the same time. Even on a reasonable combined family taxable income of \$80,000, the situation of paying for another set of accommodation becomes unreachable for families in rural or regional areas, after deducting tax, mortgage or rent and food expenses.

The only possible way for rural and regional students from middle income families would be forget about the stress of Year 12, leave school after Year 11 and work for 3 years to qualify for Youth Allowance, before sitting a mature age university entry exam. The Rudd government's goal of increasing the number of people with a university degree will become largely unobtainable of people originating from country areas. Further, skilled and professional people working in country areas will move to the city once their children become of tertiary education age to avoid the large expenses incurred in setting up accommodation and other expenses for these children. Attracting skilled and professional people to country areas is difficult enough now.

The budget also announced 'relocation scholarships' but these are only paid to students who have qualified for Youth Allowance. I note that Members of Parliament pay themselves 'living away from home' allowances when living in Canberra. I expect their family taxable incomes would be more than the \$42,000 threshold. I challenge Julia Gillard and any other labour MP to explain how a family earning just over the threshold would support one or two young adults while undertaking tertiary education away from the family home.

www.parliament.gov.au | Phone: 02 6274 3322 | Email: parliament@parliament.gov.au

Sawerthung