

**The Secretary
Senate Rural and Regional Affairs and Transport References Committee
PO Box 6100
Parliament House
Canberra ACT 2600**

We wish to express our concern to the Committee regarding the impact of the proposed changes to Youth Allowance on our family, and the opportunities for our children to pursue Higher Education.

Our eldest daughter is 17 years old, and is completing VCE in Bendigo this year. We have two other children – a 14 year old daughter in Year 9 and 12 year old son in Year 7.

Our eldest daughter was intending to take a Gap Year in 2010 to work, as the only basis on which she would be able to attend university anywhere other than in our home city of Bendigo would have been by qualifying as “independent” under the Centrelink guidelines, and able to access benefits without reference to our parental income.

We are certainly not living in poverty, but with both of us working, we had combined incomes of around \$98 000 in 2009.

After payment of \$19 500 income tax, as well as mortgage, medical expenses, school fees and expenses we have very limited net saving capacity. Certainly, we do not have the ability to find an additional \$15 000 per annum from our after-tax income to fund the minimum estimated cost of our daughter pursuing Higher Education at a university campus in Melbourne.

Under the proposed new regulations for Youth Allowance, our combined taxable income will, however, mean that we exceed the threshold at which our daughter will be able to receive any Youth Allowance. Consequently, she will also not be entitled to any relocation assistance or start-up scholarships.

Consequently, the opportunity for our daughter to participate in Higher Education appears to now be limited to one of these:

- Identify a Course at La Trobe University in Bendigo that reasonably matches her interests and career aspirations so that she can live at home;
- Try to find a Course that she can study on-line and which will allow her to live at home. This will not enable her to become part of a “learning community”, which is often considered an essential part of the personal and professional development that students gain through actively participating in a university educational experience, and which is the basis for the core of graduate attributes sought by employers;

- Take a two year break from study, whilst trying to get a full-time job (likely to be difficult, since there has been a significant reduction in retail and hospitality employment available locally), and hope that she will be able to get into the Course that she wants to in 2012, since no universities will allow students to defer a place for two years;
- Wait hopefully for her younger sister to complete VCE at the end of 2012, when a higher maximum threshold will apply if both girls want to pursue Higher Education away from Bendigo;
- Try to find some employment to fill in until 2014, when she will turn 22 and qualify for independent Youth Allowance under the age test.

We know of a number of other students in this situation, and it seems to us that the new policy is a terrible betrayal of regional students, at best resulting in years of lost time that could - and should - be spent developing skills and obtaining an education relevant to their desired career. We know that regional students participate in Higher Education at less than $\frac{3}{4}$ of the rate of metropolitan students, and it has been falling. At a time when the Government wants to increase the rate of participation, it seems that this measure can only have the effect of reducing participation of regional students still further, by making it harder to pursue Higher Education, and by requiring that they leave the education system for extended periods of time.

At the moment, we are trying to encourage our daughter to do the best that she can in her VCE, with the vague discussion that we are “sure that something will be worked out”. At least we are in the fortunate position of living in a regional city with a good University campus, and, at worst, hopefully she will be able to find a course that interests her enough to commence studies, and that may also be able to be credited to another course if she decides to transfer in the future.

We would like to suggest to the Committee, and through you, to the Government, that there must be a way to introduce a measure that would eliminate the “rorting” problem, but not grossly disadvantage rural and regional students.

In the Review of Higher Education, Professor Bradley raised concerns about students qualifying for “independent” Youth Allowance whilst continuing to live at home. Unfortunately, the “solution” that was decided on did not address the issue of the residential location of students, but rather, eliminated the most often utilised means of accessing independent Youth Allowance through working and earning around \$19 500 during a Gap Year.

It seems to us that, although slightly more complicated, the existing independence test could have been modified to eliminate the identified “rorting” by making eligibility contingent on the student living a minimum of, say, 50 kilometres from “home”. The reality is that a young person living at such a distance from home is, to all intents and purposes, independent of their parents,

having to make a whole range of decisions about the way they live and study, and manage their time, personal relationships and finances.

Such a test would also ensure that the courses developed at regional university campuses would still be accessible to students from metropolitan areas, meaning that they would maintain sufficient student demand to retain high entry standards, and remain viable. Our fear is that the changes will result in regional students, including our children, having to attend their local campus from necessity rather than choice, reducing pressure on universities to be the best that they can, and reducing the diversity of students and educational experiences available to them.

We ask that the Committee consider the range of measures and supports that regional students require when moving away from home to pursue Higher Education, including social and welfare services operating on campuses. Above all, however, we request that the Committee ensure that there is adequate and equitable income support available to enable our young people to have the opportunity to achieve their potential through access to Higher Education, irrespective of where their parents live, and the proximity of a university campus.

We would welcome the opportunity to provide further information to the Inquiry in relation to the likely impact of the proposed changes to Youth Allowance eligibility on our family.

Robert V. Stephenson

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