

## Submission to Senate inquiry – Rural and Regional access to Higher Education

### Short Term Effects

The implementation date of the proposed legislation needs to be put back at least until 1/7/2010.

My daughter made the decision in November 2008, to take time off her studies so she could qualify for FULL Youth Allowance and thus afford to attend University. She secured a traineeship in the hospitality industry that met the independence criteria at that time. To abolish that criteria, 14 months into her 18 month qualification period, is unfair and un-Australian. It is effectively retrospective legislation.

For my daughter (a country student) to attend University, we would have to establish/pay for a second household. An extra \$15000 - \$20000 per year to support her moving to the capital city (Perth) to study. A cost that a family who lives in the city does not have to face.

As wage earners, with our combined gross income of approximately \$75000, her Youth Allowance would be significantly reduced if the Youth Allowance was based on our taxable income. (more than halved- from approx. \$12000 including the rental assistance, to only \$5500). After paying tax on our incomes, we are left with a net income of approx \$60000 to pay a mortgage, living expenses and support 2 teenagers. On this income, we struggle to meet our basic living expenses, let alone support a student living away from home to study. In 2 year's time, on this same net income, we would be supporting 2 University students living away from home to study. (sibling concessions are being abolished in the proposed legislation).

The present allowances available, do not cover the costs of a University education but these changes to the independence criteria AND at the same time, abolishing Commonwealth Scholarships mean higher education will no longer be an option for a lot of country students. The introduction of the "new" relocation allowance is, in fact, reducing the allowances available to the country student. It is \$4000 paid for the 1<sup>st</sup> year only and reducing to \$1000 for subsequent years, when the

Commonwealth Accommodation Scholarship (proposed to be abolished for all non-indigenous students) was \$4000 for each year. In addition to this, other scholarships such as Commonwealth Learning Scholarships would be abolished.

For a Labor government to preside over a change that makes it more difficult for low to middle income working parents to be able to afford to educate their children is atrocious. Education is now only going to be affordable for the rich..Even HECS fees are structured so that the rich pay less – if you can afford to pay HECS fees up front you get a 25% discount.

#### Long term effects

Reducing country student's ability to afford University education, means that less country students will become professionals and it will be harder to attract professional people to consider country postings.

Also, students going to University are forgoing being wage earners for 4-5 years to study and become qualified in areas of skill shortages (potentially \$150000 or more in lost wages.. consider.. a trades assistant with no qualifications, working in the some industries, can earn \$100000 per year). In addition to that, the student leaves University with a HECS debt of approximately \$30000 depending on the course. University education has become a huge burden on the tax paying parent and the young adult wanting to study. Educating our youth has become too expensive and is no longer an option for the many, but become the privilege of the few.

#### Changes to consider

1. As previously stated, put back the implementation date for the introduction of the proposed changes to at least 1/7/2010.
2. The \$42559 taxable income limit at which the Youth Allowance starts to reduce is far too low and the proposed legislation would abolish sibling concessions as well.

At the very least, the income threshold should be increased by \$20000 to help cover the cost to parents of country students who have to live away from the family home.

A more appropriate income free area, would be the threshold where base rate Family Tax Benefit Part A (FTB A) starts to reduce. This figure is different based on the number and age of dependents. (eg. 1 dependent 18-25yr old \$94316) The Youth allowance could then reduce 20% for excess income. ie. rate reduces \$1 for every \$5 over the threshold. (the taper rate of 20% is suggested in the proposed legislation).

3. Increase the parental asset test limit

Parents may have a non liquid asset generating their taxable income (eg. A rental property, so a higher asset test limit needs to be considered.

4. Extend “unreasonable to live at home criteria” for independence.

Present legislation encourages parents to sever relationships with their student and play up family conflict and sibling rivalry, to claim “unreasonable to live at home” Youth Allowance, which is NOT subject to parental income/assets.

Surely a better option, would be to extend the criteria of independence NOT subject to parental income, “unreasonable to live at home” because the student has to move away from home to study when the course is not available locally.

5. Alternatively, all students 18 and over (not living at home) should be considered independent and able to claim Youth Allowance in their own right. They are old enough to vote, and go to war to fight for our country, so why are they still considered to be dependent on their parents?

Thank you for your consideration.