

Secretariat

06/07/09

Dear Sir/Madam

On behalf of people living in rural and remote Australia we are writing to express our dismay at the recently announced proposed changes in the 2009 Budget re qualification for Youth Allowance. Living in rural areas carries with it many advantages by way of lifestyle but we are slowly but surely being pressured by government policy to relinquish this lifestyle and move to a major city where our children can have access to tertiary education at a more affordable price. The move from Tertiary Allowance introduced in the 1970s to the current Youth Allowance has created barriers of affordability for country students moving into tertiary studies in the capital cities. Fortunately the current Youth Allowance policy allows students to have a 'gap year' between finishing secondary schooling and moving to tertiary education, whilst working in a variety of part time jobs to qualify for Youth Allowance. Whilst a one year gap suited some students, who needed a break from studying, it disadvantaged others who would have been better suited to moving straight into tertiary studies and not lost the momentum from high school.

The new rules for qualifying for Youth Allowance will mean students now have to have a two year break before qualifying for the assistance and moving to tertiary studies. The ability to find employment for a consistent 30 hours per week is difficult, as most corporations and businesses who employ unskilled workers (eg Woolies, Coles, Target, KFC, McDonalds etc) on demand basis, which can vary from 10 to 40 hours per week. Most country towns simply would not have enough positions for students to work 30 hours a week for 2 years.

To send a student to a capital city to engage in tertiary studies is a huge impost on the associated family. Accommodation and living expenses average \$12,000/ year, travel to and from home during semester holidays costs \$1000/ year, University expenses \$5000/ year and general living expenses \$5000/ year. If the student does not receive Youth Allowance (approx \$10,000/ year) all these costs must be met by the parents, or the student must work part time whilst studying. Whilst part time work may suit some less intensive courses our experience is that it can significantly interrupt progress in their studies especially if they have 28 contact hrs per week. We have not even considered being able to afford to pay HECS fees for our children as is the case for some of our city counterparts.

It is a huge change for country students to move away from their family and the associated support base, to undertake tertiary study in larger cities. They have to learn a whole new way of life in a different setting and come to terms with life without their family support structures.

We live in a rural remote area and have 3 of our 4 children studying at University - 660 kms or a 7 hour drive away. Our first child went straight from Yr 12 to university and therefore did not qualify for Youth Allowance, relying on us to financially support him completely. He is study Engineering and attempted to work at the same time. As a consequence his studies failed, and 6 years later he is still trying to complete his degree whilst working to support himself! Our next two children have both had a gap year and worked to qualify for Youth Allowance. This significantly reduced the pressure on these children, and us, and has enabled them to successfully concentrate on their studies. We believe this story could be recounted by many others around rural Australia.

Our youngest child is currently in Yr 11 and anticipates undertaking tertiary studies. Should we have to support her, the cost will be

Accommodation and Meals	12,000* x 4 years	\$48,000
Travel to and from home	1,000* x 4 years	\$ 4,000
University expenses	5,000* x 4 years	\$20,000
General living expenses	5,000* x 4 years	<u>\$20,000</u>

\$92,000

\*these figures are based on costs in 2009 – naturally these will increase over the 4 years.

Under the current Youth Allowance criteria we were able to take \$40,000 (\$10,000 x 4 yrs) off the bottom line for our children who had the gap year and qualified for Youth Allowance. Under the new proposed rules our youngest child will either work for two years to qualify for Youth Allowance or go straight to University with a \$4,000 relocation grant plus \$1000 per year thereafter (\$7000 in total). With the later scenario, we will be \$33,000 worse off if the new Youth Allowance criteria is introduced and could not afford to give our youngest child the opportunity to undertake a tertiary course.

A further issue is that the tertiary institutions do not allow students to defer courses for two years. Our 2<sup>nd</sup> child who deferred for one year and then began an Automotive Engineering course found it difficult to recall some of the Maths and Physics that he had studied in Yr 12, after a two year break it would be even more difficult to remember some of this course information.

Currently country students already have a lower participation rate (60%) at university compared with city based counterparts. There is a much higher chance of country students returning to the rural remote areas to take up positions in medical, allied health services, teaching etc. If the number of country students undertaking tertiary courses reduces due to the financial obstacles caused by the proposed changes to Youth Allowance, there will be a flow on effect with even less graduates who will be willing to work in these fields in the rural areas of Australia. This will put even more strain on rural communities.

We object to Rudd Government's changes to the workforce participation criteria for establishing independence under Youth Allowance and request the removal of the following two eligibility criteria:

- that the recipient worked part-time for 15+ hours per week for two years or more since leaving school;
- the recipient earned, in an 18-month period since leaving school, an amount equivalent to 75% of the maximum rate of pay (in 2009 this requires earnings of \$19,532). The effect of this change is that eligibility criteria for the Independent Youth Allowance will retrospectively require participants to complete 30 hours work per week over an 18/24 month period compared to earning \$19,532 over 18 months.

These proposal further disadvantages young people whose place of residence is beyond daily commuting distance from a University and thus must fund their total accommodation costs over and above the other direct costs of such an education. That working 30 hours per week while attending University is virtually impossible in more intensive courses.

We believe the new Youth Allowance policies have been developed without a thorough understanding of the additional costs and pressures they will place on families in rural and remote Australia. The widespread community response to the proposed policies is evident of this. We therefore ask the House to change the criteria so that rural and regional students are not disadvantaged in attempting to undertake tertiary studies.

Yours sincerely

Mark and Pam Stanley