

**Submission re: Inquiry into Rural and
Regional Access to Secondary and Tertiary
Education Opportunities**

– YOUTH ALLOWANCE

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To the attention of: The Committee Secretary
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TO: THE COMMITTEE SECRETARY

As the Independent Member for Dubbo I write this submission on behalf of families living in regional and rural areas who face significantly greater levels of difficulty than their urban counterparts in accessing post secondary education, particularly in terms of accessing university qualifications, given the majority of tertiary institutions are based in cities far from central western NSW.

This submission refers specifically to problems related to changes in the Youth Allowance scheme affecting country students looking to undertake tertiary studies that are not available in their local area.

Concerns regarding proposed changes to the Youth Allowance are outlined below with regard to the Inquiry's terms of reference.

Yours sincerely

Dawn Fardell MP
Member for Dubbo

This submission to the Inquiry into Rural and Regional Access to Secondary and Tertiary Education Opportunities relates to the following Terms of Reference:

- a) The financial impact on rural and regional students wanting to study in regional areas.
- c) The implications of current and proposed government measures on prospective students living in rural and regional areas
- e) The adequacy of government measures to provide for students who are required to leave home for secondary or post-secondary study
- g) The impact of government measures and proposals on rural and regional communities

RECOMMENDATION 1: Postpone changes to the Youth Allowance 'independence criteria' until at least 2011.

There is currently great concern and alarm amongst many young people and their families in country NSW that has arisen since the Federal Government announced proposed changes to the Federal Government's Youth Allowance criteria that would take effect as of 2010.

Country students face many inequities accessing tertiary education, particularly those from socially and economically disadvantaged families. Unfortunately a large proportion of the population in the Dubbo electorate and across much of regional and rural NSW could be categorised as in the low socio-economic sector.

The obstacles of distance and socio-economic disadvantage already confronting students in rural and regional NSW have now been exacerbated by confusion and uncertainty caused by the announcement of planned changes to Youth Allowance eligibility criteria.

Thousands of students in NSW who had plans in place to meet the current Youth Allowance 'independence' criteria, will be hit what will effectively be retrospective legislation to be created by these changes.

The Federal Government proposes to change the criteria for students to qualify for access to Youth Allowance, where their parents' income is deemed too high to warrant public assistance.

I support the need for an income cut off point and share the Government's concerns that some high income families were deliberately rorting the Youth Allowance system, ensuring that public money was supporting their children through tertiary study despite the fact they were financially able to provide that support themselves.

I also applaud the plan to raise the cut off point for Youth Allowance Assistance to a parental income level of almost \$140,000 dollars. The current cut off level for family income of just \$75,000 is far too low.

Parents who successfully steer their children through primary and secondary education and have groomed them to further boost their skills through tertiary study, should be congratulated and rewarded, rather than automatically penalised with a financial burden that may put unreasonable strain on a family budget.

However my Dubbo Electorate office has been inundated by confused parents and students who are making plans for tertiary studies in 2010, and who feel completely perplexed and confused by the proposed changes to the Youth Allowance independence criteria.

This confusion has been exacerbated by scaremongering in the media, largely generated by opposition politicians eager to score political points, regardless of whether that is at the cost of unnecessarily alarming their constituents.

However the Federal Government must also bare some blame for the misinformation and confusion that is currently rife in the community. The Government's time frame for making these proposed changes is not giving families sufficient time to accommodate the dramatic changes being made to the Youth Allowance independence criteria.

The unnecessary rush to make these changes is not allowing the public to be properly informed. I urge the Government to postpone these changes by at least one year, so that they do not come into effect until at least 2011.

This will allow students and their families to gather the necessary information regarding the new Youth Allowance criteria and parental income cut off points, so that they can make properly informed choices about work, study and how they will secure financial support.

Whilst a letter to the local press by Education Minister Julia Gillard made it clear that some level of Youth Allowance would be payable to students with parental income up to a cut off level of almost \$140,000, there was no information as to just how much those payments might be.

My staff just this week contacted Centrelink to find out the cut off point for full Youth Allowance payments and to ascertain what amounts would be payable at various parental income levels below \$140,000 dollars.

The very helpful and patient Centrelink staffer replied that this vital information was still subject to legislative changes and had not been finalised.

For a young person planning their studies for 2010, this is simply not good enough. They need to know this information now so that they can plan accordingly – particularly if their parental income will preclude them from meaningful levels of Youth Allowance support.

The parents of students in this situation may not actually be willing to provide financial support, in which case they may have to seek employment either to pay their own bills, or to qualify for the Youth Allowance independent student rate. If this is the case they need to be fully informed about the changes at least a full year ahead. This can't happen for students planning to study in 2010 because the changes are yet to be legislated.

Again I urge the Government to postpone these changes for at least another year, so that the legislation can be passed and students can be given a fair and reasonable amount of time to fully digest the implications of those changes on their future plans.

There has been such negligent reporting and commentary about changes to the Youth Allowance many remain entirely unaware that the family income level cut off point has been raised significantly, and that their children under the new regime may find that they are in fact eligible for Youth Allowance payments without meeting the so called “independence” criteria.

The average family in my electorate earns a combined income of far less than \$140,000 even when both parents are working, so many people may find they are indeed eligible for Youth Allowance payments under the new regime.

However if these families today seek verification from Centrelink, they will not yet be able to ascertain exactly how much Youth Allowance payment they might be eligible to receive.

Leaving families in this information limbo is entirely unsatisfactory. The changes to the Youth Allowance independence criteria must be postponed for a sufficient period after the changes to legislation are made, to ensure families are given time to gather the necessary information and to plan accordingly.

There is also an ethical issue to be addressed, in that so many young people who finished high school education in 2008, deferred their entry to university till 2010 with the plan of working during a ‘gap year’ in order to meet the current Youth Allowance independence criteria.

These students have been disadvantaged in that their plans now have to be re-arranged mid stream.

This seems a very unfair blow to young people who were doing their best to honestly meet the previous criteria so as to reduce the financial burden on their parents during their tertiary studies.

Such a radical change in the system may result in some of these young people now in the middle of their gap year, being unable to meet the new independence criteria, which requires students to work a minimum of 30 hours a week for 18 months.

This is unfair and unnecessary for those caught up in the change during their deferral year.

I call on the Prime Minister, and the Federal Education Minister to defer planned changes to the Independence Criteria at least until 2011, so that any parents who have deferred their studies to 2010 are not caught in this unnecessary trap.

RECOMMENDATION 2: Create a new, more generous Youth Allowance category for students from rural and regional areas who are forced to relocate from their homes in order to access tertiary study.

Regardless of the timing of the planned changes to Youth Allowance criteria there remains a serious inequity in access to education for country students.

I am hopeful that under the new Youth Allowance regime with its higher parental income cut off, many families will no longer have to go through the complex process of demonstrating their technical “financial independence” in order to qualify for financial assistance.

The reality has long been that most of these students would not have been financially independent at all under the old regime – despite meeting the technical criteria.

These young people were able to earn \$19,000 dollars in a gap year after leaving school, in order to meet the technical independence criteria – but most still lived at home while they earned that income, and were likely to receive ongoing financial assistance from their families as well as Youth Allowance payments while they completed their university studies,

Very few of the students who have in the past qualified for Youth Allowance under the independence criteria are truly estranged from their families and fully financially independent.

Given this state of affairs I accept that the Federal Government is right to propose changes, as unfortunately many very wealthy families have rorted the system to receive this extra income, despite having put their children

through their secondary education at very expensive private schools, and being well able to support them through university.

However, the key problem for university students from country NSW is the enormous cost of leaving home and relocating to a city such as Sydney or Canberra or Newcastle to undertake a tertiary education.

Country students should have access to a more generous Youth Allowance criteria than their city based peers, rather than being forced to prove a false “independence” in order to access public support, because most aren’t able to live at home and access university as their city peers can.

It is crucial that more is done to address the underlying problem of the inequity in tertiary access for country students.

The Youth Allowance system needs to explicitly recognise that young people in most rural areas cannot access a university education whilst living at home, and should therefore automatically be eligible for a living away from allowance.

It would not be unreasonable for this automatic Allowance to be means tested to exclude families earning more than \$175,000 dollars.

RECOMMENDATION 3: Make Youth Allowance eligibility criteria substantially more generous for families who are helping to financially support more than one child undertaking tertiary study.

With regard to the implementation of a necessary means test for the distribution of publicly funded support, any means test should also take into account family size, and the potential strain of supporting more than one child through tertiary studies.

If you have more than one child who is studying, this should be taken into account in terms of increasing the cut off level for youth allowance in relation to parental income.

There is currently no differentiation between the financial responsibilities of the parents of one child undertaking study, compared to the far greater financial burden on parents of several children whom might all choose to study.

Parents who successfully steer their children through primary and secondary education and groom them to further boost their skills through tertiary study, should be congratulated and rewarded, rather than automatically penalised with a financial burden that may put unreasonable strain on a family budget.

Those young people who undertake a university education contribute to a smarter and better trained Australia, and as their individual prosperity rises, so will their capacity to pay higher taxes to ensure the over all prosperity of this nation.

I urge this Inquiry to consider the three key recommendations I have outlined in this submission in the hope of creating fairer and more equitable access to tertiary education for young people living in rural and regional areas.

Yours sincerely

Dawn Fardell MP
NSW Independent Member for the Dubbo Electorate