



**SUBMISSION**

**BUDGET CHANGES TO THE  
INDEPENDENT YOUTH  
ALLOWANCE SCHEME**

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# BUDGET CHANGES TO THE INDEPENDENT YOUTH ALLOWANCE SCHEME

## Inquiry into the Rural and Regional Access to Secondary and Tertiary Education Opportunities

6 August 2009

### Terms of Reference

An assessment of the adequacy of Government measures to provide equitable access to secondary and post-secondary education opportunities to students from rural and regional communities attending metropolitan institutions, and metropolitan students attending regional universities or technical and further education (TAFE) colleges, with particular reference to:

- a. *the financial impact on rural and regional students who are attending metropolitan secondary schools, universities or TAFE;*
  - ❖ 2008 school graduates made decisions on their futures in regard to furthering their education based on the information that was present at the time in regard to Youth Allowance. Given this information many students elected to take a year off from study to earn enough money to not only be eligible for the Youth Allowance and rent assistance but also to save enough money to support themselves until they could secure a job in the community of their chosen course. Many students would have taken other options and may have gone straight to university. 2008 graduates have been disadvantaged by the changes in many ways.

These changes also penalise young people who went to university straight from school and worked part-time while at university and in the leave breaks to acquire the set monetary amount and were hoping to receive some assistance after the 18 month period.

The financial impact on the students/parents/caregivers that no longer qualify for assistance is enormous. Many families will not be able to support their children to attend university due to general money constraints, financial commitments ie. other dependents, mortgages. Therefore, many students will not be able to attend university until they satisfy the requirements of working for 30 hrs per work for the 2 year period or until they qualify for the age of independence.

Due to the Youth Allowance criteria changes many students will be required to defer their studies for an additional 12 months due to financial constraints in attending university. Deferral of university placement only apply for one year, therefore their place will be lost

and they will have to reapply or wait until they qualify for the age of independence and then reapply.

Given all of above obstacles countless students may never be able to attend university creating a cohort that will miss the opportunity to study their chosen field. This in effect creating a situation where only the wealthy will be able to afford education and maintain or have the opportunity to improve their financial standing.

Every parent wants to afford their children the best education that they possibly can and up until now the government has assisted parents to do this. It is noted that many of the children of wealthy parents wrought the system, however as is often the case the middle/working class are the ones who are the most affected. Most young people who have deferred for the 12month period are doing it with the very best of intentions of supporting themselves while attending university and thus ensuring that their families are not financially distressed.

Regional and rural communities are experiencing financial hardships due to drought and the present global economy. It will be near impossible for families to allocate the estimated \$20,000 dollars it takes to support a child at university. Families are reeling from the changes to Youth Allowance. They cannot afford to support one child to further enhance their education yet alone two or more.

2008 school graduates made good faith decisions to get out and earn the required money in the allocated period to relieve the financial hardship on the family, and as required gain independence.

Young people have worked mostly in casual positions such as cherry picking, factory work, farm work, basically anything that they can apply themselves too to satisfy the originally set requirements. Young people find it hard to secure full-time work because they have not had the opportunity to obtain work skills, therefore work part-time to meet the set requirements. Even a constant part-time 15 hours a week would be difficult to achieve, as most young people are employed on a casual basis and their hours vary radically. Much of the work in regional and rural areas is seasonal and therefore young people cannot satisfy the 30 hour per week criteria BUT are hard workers and deserve support to fulfil their dreams. It will be extremely hard for any young person whether or not they are intending to attend university to find work for 30hrs per week in the present economic environment with rising unemployment.

*b. the education alternatives for rural and regional students wanting to study in regional areas;*

- ❖ Educational opportunities in regional centres are extremely limited. The majority of students are required to move to metropolitan areas ie. Sydney, Wollongong, Canberra to attend their chosen course of study. Regional centres that do have a university, TAFE or other educational facilities such as Bathurst, Wagga Wagga do not always have the preferred course.

Without financial support it will be near impossible for young people to further their education and this will guarantee university study become the domain of the wealthy.

*c. the implications of current and proposed government measures on prospective students living in rural and regional areas;*

EDUCATION - Secondary or post-secondary study was affordable under the previous rules.

- ❖ Reduces options for young people as they will have to consider other options, work, moving to metropolitan centre to secure work. Effect of students flooding the job market in regional centres cannot support that influx many go to metropolitan centres as untrained labour force.
- ❖ Not being able to attend university as expected. Students are required to work at least 30 hrs per week over two year period under the present requirements. In the present economic climate it will be extremely hard to obtain a job in a regional centre that satisfies that requirement.

One generation misses out on educational opportunities to stop a small percentage of the population from wroughting the system.

There are presently many incentive schemes that assist young rural people to obtain qualifications in their chosen study such as teaching, dentistry and medical and bring back their skills to the rural community. The Youth Allowance scheme will have a detrimental effect on rural communities. There is presently a shortage of professions that guarantee the survival of rural communities.

*d. the short- and long - term impact of current and proposed government policies on regional university and TAFE college enrolments;*

EDUCATION - Secondary or post-secondary study was affordable under the previous rules.

❖ Short term

- educational facility enrolments will fall and therefore effect the quality and range of courses offered.
- Financial hardship for families that attempt to support their children.
- Young people are devastated by the fact that they cannot continue their education and in many instances cannot get a job due to lack of skills. Youth suicide is on the up in rural communities. By feeling that they are not worthy and have no skills to make a difference in their community lowers self esteem creating major impact on individuals, families and communities.

❖ Long term

- survival of many educational facilities and the communities they are located in.
- a generation of untrained work force.
- decline of rural communities.
- continued financial hardship for families that attempt to support their children.

*e. the adequacy of government measures to provide for students who are required to leave home for secondary or post-secondary study;*

- ❖ How does the government intend to assist young people to further their education? Part of the budget changes progressively reduces the age of independence, reducing it from 25 years in 2009 to 24 years in 2010, 23 years in 2011 and 22 years from 2012. This may assist future young people to realise their goals, although increasing the age of qualifications, therefore increasing the age where people can become economically sound to sustain the economy ie. buying houses and also raising the age where people feel secure in starting families etc.

By only being able to satisfy the criteria by reaching the age of 22 will deter many from attending university at all. By this age many young people will hopefully have gained permanent employment and in the present economic climate such security may be the overriding factor in the decision not to go to university.

If the Government can introduce a staged approach in regard to the age of independence why can it not introduce a staged approach to the eligibility of Youth Allowance. The young people that have taken a gap year to satisfy the set requirements are disadvantaged.

- ❖ many students who graduated in 2008 deferred their University course for 12 months to satisfy the requirement of earning 75% of the maximum rate of pay under Wage Level A of the Australian Pay and Class (in 2009 this requires earnings of \$19,532). Those students are now in a state of limbo as many will not be able to attend University due to financial constraints and their University placement will be forfeited.
- ❖ Presently students have to satisfy the new requirement of ‘working full-time (at least 30 hours a week) for at least 18 months in the last 2 years, or have worked part-time (at least 15 hours a week) for a least 2 years since leaving school. This will mean that students who have forfeited their placement at University will have to reapply for courses as an adult student, no guarantee that a placement will be given, this would in many circumstances result in those students not attending university at all.
- ❖ High costs for those who move away from home. The introduction of additional payments are of some assistance but these one off payments do not help students in supporting themselves over the term of the course without being eligible for Youth Allowance.
- ❖ In changing the Youth Allowance eligible students required to leave home will also not qualify for rent assistance, making the financial burden for many too excessive.

*f. the educational needs of rural and regional students;*

- ❖ Presently there are limited options in regional and rural centres in regard to educational options. In most cases young people have to relocate to attend the course of their choice. Larger rural centres may have more options but they do not have a comprehensive selection and young people have to relocate to other centres to get their chosen course. It is also not about what you chose it is what university chooses you so you do not have a choice in many instances.
- ❖ Education will be only afforded to the ‘rich’.

*g. the impact of government measures and proposals on rural and regional communities; and*

- ❖ Young people will be forced out of regional and rural centres to seek 30 hour week employment as traditionally in rural centres young people work in casual employment due to their work related skills.

This also impacting on the amount of money that can be saved in the gap year and therefore effecting how further young people can support themselves when studying. The government is punishing the people who are effectively helping themselves and assisting their communities.

- ❖ Less trained and qualified people for the rural and regional communities, lowering of trained/educated people in society.
- ❖ Regional centres that have universities and large TAFE facilities will suffer economically when student numbers drop due to lack of Government support.

*h. other related matters.*

- ❖ There will be a significant impact on University enrolments and subsequently the income and operations of universities. This inturn will have an effect on the economy of centres that the educational institution is located in.

This in turn effects the community as universities are major businesses.

- ❖ Concerns about school leavers will consider their tertiary options when no financial assistance is available from Government. They may try to meet Youth Allowance criteria by radical means ie. marriage.

## **Recommendations:**

- 1. That the Government examine and introduce fair and equitable assessment conditions to the Youth Allowance scheme, that does not target disadvantaged groups such as regional and rural students and those whose parents that cannot afford to support their children at university.**
- 2. That the government rescind the budget changes to the Youth Allowance Scheme.**
- 3. if it is deemed that the above cannot occur in its entirety than a staged approach be introduced for the changes to the Youth Allowance as presently proposed concerning the age of independence. This, to ensure that the 2008 Higher School Graduates are not penalised for their good faith decision.**
- 4. Provide other study assistant options ie. criteria for rent assistance.**

**Note: In putting together this submission for the senate inquiry the local member, Electoral Division of Macquarie (NSW), the Hon Bob Debus MP was not forthcoming in his assistance neither in writing this submission nor in raising concerns of his constituents. In fact the impression was given that Mr Debus simply did not want to talk.**

**Many people do not have the skills or the time to put together a submission on their concerns, therefore generally people go unheard! It is believed that his role as a representative of the people is one of consultation and assistance which was lacking in this instance. Again rural and regional people are absent in the minds of the decision makers.**

This submission on behalf of the following:

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