



Patron:
Her Excellency Ms Quentin Bryce, AC
Governor-General of the Commonwealth of Australia

29 August 2009

Ms. Jeanette Radcliffe
Committee Secretary
Senate Standing Committee on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra
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Ref: Educational Opportunities, Youth Allowance and Rural and Regional Students

Dear Ms Radcliffe

The National Rural Women's Coalition (NRWC) is most grateful for being given the opportunity to make this late submission concerning the above issues that your Committee has been investigating.

The National Rural Women's Coalition (NRWC) is a collaborative national voice for women living in rural, regional and remote Australia. Established in 2002, we seek to ensure better social and economic outcomes for women in our rural townships and on farms.

The objectives of the NRWC are to:

- Represent the diverse views of women in rural, regional and remote Australia;
- Provide advice to the Australian Government on policy issues relevant to the views and circumstances of rural women; and
- Contribute to building a positive profile of rural women, their achievements and issues.

This subject is significant for NRWC because given current climatic, economic and trade conditions it is certain that improved educational opportunities for rural and regional young people, and especially but not exclusively young women, will be a major determinant of future rural and regional prosperity. That is particularly so at post-secondary level where the innovation and entrepreneurial skills essential to that future are best developed.

For that reason, NRWC is extremely concerned about changes to Youth Allowance (YA) announced in the last federal budget and now recently the subject of considerable public debate. Similarly, NRWC welcomes

Minister Gillard's recently announced changes to the proposals following representation from several quarters.

In similar vein, NRWC commends the Government for considering raises in the relocation allowance that will be particularly helpful to rural and regional students should those changes eventuate; and for the more generous proposals around thresholds for means testing (although, of course, the introduction of those has now been delayed for eighteen months, and that is of considerable concern to rural and regional families).

From the outset, NRWC emphasises that it supports fully any efforts to make Youth Allowance more equitable and to help it reach the neediest recipients. For that very reason, however, NRWC remains extremely concerned with the current proposals, recent alterations notwithstanding.

NRWC believes that the YA proposals, in either original or new form, disadvantage rural and regional students severely at the very time when all possible assistance is required to ensure their educational futures and those of their communities. It may well be that the current proposals will deter even more young rural and regional Australians from undertaking post-secondary education and training, and that will be a serious developmental setback for Australia as a whole.

NRWC concerns swing around three central issues: Opportunity, Equity, and Flexibility

Opportunity

The Government, rightly, stresses that providing advancement opportunities to as many people as possible remains one of its goals, and that is to be applauded. However, for rural and regional communities the current YA proposals demonstrate a strong denial of opportunity and, indeed, the removal of already extant opportunities.

Students from rural and regional communities are demonstrably under-represented in higher education and training enrolments. In addition regional universities, that do not cover all of rural and regional Australia, are demonstrably stretched in providing their services because with limited exceptions their Government funding takes no account of the additional costs incurred in providing those services when compared with metropolitan providers. For that reason many regional institutions cannot offer a full range of training opportunities so that significant numbers of young people must relocate to metropolitan environments where their costs automatically become higher.

There is an important associated matter here. The new requirement for eighteen (18) months work will create difficulties for all university students but especially rural and regional ones. Typically, universities allow a student to defer an offered place for twelve (12) months, but after that students must reapply. What that means, then, is that a student may now apply to a university, receive an offer, defer, but have to work for eighteen (18) months to qualify for YA and so lose the place offered initially. Some institutions may vary this requirement, but that is by no means certain so the point remains a concern for rural and regional working families.

Regional students invariably must shift away from home to undertake study so, by definition, whatever work they have arranged and also run the risk of not finding work in their new location. They would then lose eligibility for YA which is the very thing supporting their studies in the first place.

That all comes at the very time rural and regional Australia confronts a global economic crisis, an affiliated fall in the prices for primary produce and, in many parts of Australia, severe hardship brought on by drought.

Among many other things, of course, that combination of forces has led to a marked decline in the availability of work in rural and regional Australia.

Yet at precisely this moment YA eligibility work requirements stand to be increased from 15 to 30 hours per week over eighteen (18) months against the previous twelve (12).

It is immediately clear that potential students in rural and regional Australia face dramatically increased challenges in trying to meet these new conditions. Rural and regional towns, for example, are primarily service centres, and so are hit very hard by the combination of forces outlined above. Simultaneously, opportunities available to unskilled young workers are declining quickly. The YA proposals effectively reduce the opportunities for those unskilled youth workers to become skilled ones, because they will not be able to fulfill the requirements.

One potential student from a rural and regional community, for example, reports that she has applied for fifty (50) part-time positions in her location, but has been able to gain only an average of fifteen (15) hours work per week. She would therefore be ineligible for YA under the present proposals. In our view, this will be typical in rural and regional locations for the foreseeable future, and such young people in far too many cases will be prevented from taking further study opportunities.

That is effectively a severe denial of opportunity that takes different forms in rural and regional Australia. Because of current conditions, for example, young rural and regional people are more likely than their metropolitan counterparts to leave home in search of work to become eligible for YA in order to become a more skilled and productive person. That adds yet more cost to rural and regional working families who are less likely to afford those costs than metropolitan ones because of prevailing conditions.

Equity

Again, Government's proposed YA changes emphasise that the scheme must be much more equitable than at present and, as stated already, NRWC agrees fully with that principle.

However, the proposals quite clearly produce inequity for rural and regional families, the greater need for rural and regional students to relocate already providing an example.

Rural and regional conditions create complexity for any scheme such as YA, and those complexities must be considered directly when forming or reforming any scheme.

Many rural enterprises, for example, are family owned and operated, as in the very term "family farm". Large numbers of rural and regional young people work as part of such family enterprise, and as a result face problems in proving their work hours and, especially, income. They may not receive formal wages but are effectively supported by the family enterprise. In current conditions that is more likely to happen, of course, but the family enterprise could not survive without the efforts of those young people.

An additional point here is that it has been well known for several it years that farming families have survived because of off-farm income earned by family members. In current conditions that off-farm income is drying up, putting even more pressure on family members and especially young ones to commit to the farm enterprise.

There are several logical extensions here but the most notable one goes to the assets test, especially where it concerns the family farm or regional business. That is why NRWC welcomes the intention to increase income thresholds but regrets the new delay in introduction. As the above work example suggests, many rural and regional families are technically asset rich but noticeably income poor. The farm is essentially a

valuable asset but its income productivity is spasmodic and presently modest. Some families may have a debt-free property returning no more than 2% because of current prices.

It should be noted, too, that the evolving YA information sources around these crucial matters are unhelpful. For example, it was announced there would be a 75% discount of such rural and regional farm and business assets in some cases. Earlier web-based information indicated that the discount would apply to farms and businesses in officially declared drought areas, but there is now less clarity around that. This is a matter of considerable significance for rural and regional families and needs far more definition.

This becomes an even stronger matter for rural and regional families when compared with metropolitan ones. Many rural and regional people make this point: while they sit on a “rich” asset that is the sole *provider* of their increasingly challenged income, their metropolitan counterparts sit in a “rich” home asset that *results* from the certainty of a much higher income.

Rural and regional families consider this extremely inequitable, and inequity is one of the very reasons Government has reconsidered YA provisions. In metropolitan settings the family home is exempted from assessment when it is the very symbol and product of the income that made it possible, and that makes it far more possible for metropolitan families to support their children while studying or training.

That is completely the opposite from what happens in a rural and regional setting. NRWC draws strong attention to a situation where a rural and regional student who even qualifies for YA must shift away from home to study and so must commit at least \$9,000 to accommodation in a regional university setting and up to \$12,000 in a metropolitan one. Yet a metropolitan student privileged somehow eligible for YA may remain living at home rent free. The inequity is obvious. So are the greater pressures on rural and regional families.

Flexibility

The essential problem here is that a “one size fits all” approach is being maintained when it is perfectly clear that rural and regional conditions must be given special consideration if the YA scheme is to fully benefit potential rural and regional students.

The very clarity of the scheme is an issue here. NRWC has commissioned a summary of the YA program to be made available to rural and regional families and students. As streamlined as it is, that summary still runs to several pages because the present eligibility rules are so complex, because payment rates are subject to so many variations, and because the intersection with so many other support programs causes confusion.

Gaining clarification is more challenging for rural and regional families than for metropolitan ones, and frequently more expensive both directly and indirectly. Being directed to Centrelink means a costly wait for a rural and regional working family because of both the cost of the call and the work time lost as a result. Even if internet is available, the sources of information are so dense that clarification is unlikely to occur.

In NRWC’s view, the rules and proceedings for YA need greater simplification, and they must be given more specification around rural and regional issues.

For example, many rural and regional families consider it illogical that because their young family members work hard to find the decreasing amounts of work available, they can then earn “too much” and have their YA allowances reduced. That is, they work hard to qualify for YA but then may face reduced support because of their efforts. This is surely a disincentive for young people to work hard to secure their futures.

To rural and regional families who must send their children away to study, this seems an absurd inflexibility that works against them in particular.

More flexibility is required in individual cases, then, such as the young family members working more or less informally on the family farm to keep the enterprise going at a time of falling income. That young person should not be eliminated from YA eligibility for helping maintain a modest family income.

What Should Be Done?

NRWC considers that while the current proposals proceed from important principles, an extremely important principle has been lost.

That is the importance of the scheme improving benefits for rural and regional working families.

For that reason, NRWC suggests that a separate section of YA be allocated to rural and regional concerns, that a new and streamlined set of guidelines be established in order to maximize the impact of the scheme in rural and regional Australia, and that dedicated helplines be established for rural and regional family concerns.

If that was done then both Government concerns and rural and regional interests would be far better served.

Again, NRWC appreciates the opportunity to put this before you, and stands ready to provide any further information and views that might be necessary

Yours sincerely

A handwritten signature in black ink, appearing to read 'DT', followed by a long horizontal line that ends in a small upward-pointing arrow.

Darriea Turley
Chair NRWC