

Mrs Jennifer Vanyai
146 Buckley Street
Morwell Vic 3840

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Re: Inquiry into Rural and Regional Access to Secondary and Tertiary Education Opportunities

I write to you regarding concerns about proposed changes to the eligibility criteria for Youth Allowance in the 2009 budget, specifically, that some students are being unfairly disadvantaged by the fact that these changes are to be implemented as soon as January, 2010.

My son, Reece, has deferred commencement of university this year and entered the workplace in good faith that, under the existing eligibility criteria, he could begin study next year as a recipient of Youth Allowance from May, 2010, provided that he earned the required amount of \$19,532 in the preceding eighteen months. Now, in the middle of the game, the federal government has shifted the goal posts and, under the new budget proposal, it will no longer be possible for him to qualify. For my son and many other students, this will mean that studying away from home may no longer be possible.

Reece would have preferred to start his Engineering Degree, immediately after completing VCE but, because of the financial burden imposed on country students who are forced to relocate to the city for their tertiary study, he felt he had no choice but to defer the year. Unlike students who have the option of living at home while they attend university, in addition to other living expenses, country students have to find \$8,000-\$10,000 to cover rent alone in the most basic of accommodation, thus their reliance on qualifying for Youth Allowance. Reece's belief that he would qualify for Youth Allowance was confirmed as recently as the week before the new budget was announced, when he checked again with Centrelink that he would definitely be eligible for Youth Allowance next year. He was told he would be, provided he remained on target with his earnings.

The proposed changes to Youth Allowance stem from the fact that the Bradley Review found that student income support was poorly targeted in that, of independent students living at home, 36% were from families with incomes over \$100,000, 18% came from families earning incomes above \$150,000 and 10% from families earning above \$200,000. I can assure you that, if our family had the income outlined here and my son was able to complete his degree and still live at home, I wouldn't be writing to you now. The response from Labour members to any correspondence from me regarding these changes is a standard blurb outlining how much better off youth allowance recipients will be under the new arrangements. Indeed, **IF** you qualify for youth allowance, life will certainly be much easier than for past recipients.

With the sudden removal of the eligibility criteria under which Reece was to qualify for Youth Allowance, one of the other two ways he could qualify would be if he deferred his course for another year and worked a minimum of 30 hours per week for the eighteen months from now until he started his course. For many students, there is no option to extend their deferral for another twelve months and they would have to forfeit their offer of a place. The most important obstacle is that, in a workforce that is more and more moving towards part time work, it is almost impossible for a young, inexperienced person in a rural area with high unemployment, regardless of their skills, to get work in a 30 hour per week job.

The other way Reece would need to be able to qualify for Youth Allowance after the removal of the \$19,532 in 18 months criteria would be based on our, his parents', combined income. He would receive the full amount if our combined income were under \$42,559 and nothing at all by the time we earn \$90,974.

I have calculated that a couple with gross earnings of \$90,974 would net approx \$75,000. Based on our own family situation, over the last twelve months my family's costs for mortgage, cars¹, rates, phone, utilities, home and contents and insurance, medical insurance and unclaimable medical costs have totalled \$39,469. (It is worth mentioning that for a couple to hold down a job each in a rural area where there is limited public transport infrastructure, it is necessary to operate two cars). This leaves \$683.29 per week to cover a family's food, clothing/groceries, repairs/maintenance of the home, maintenance of furniture and equipment in the home, superannuation contributions – if they can be managed - and all other incidental family costs. Should the parental income of \$90,974 be earned by just one parent the net income would be only \$67,416 which would leave \$537.44 to cover these same costs.

To send a student to live in Melbourne, even in very modest accommodation, and cover rent, utilities, food, transport, minimal clothing and study/book expenses, \$300.00² per week is needed. I hope that the enquiry can see that, for a family who had understood that they would be receiving Youth Allowance, the prospect of having to find that money out of their disposable income without having had years to financially plan for this, is almost impossible.

I understand that these are difficult economic times and some reforms may be necessary. However, I urge you to ensure that the January 2010 date for implementation of these new eligibility criteria is blocked. The sudden change to the rules is unfair and devastating to the plans of those who are already well along the path of qualifying under the existing arrangement.

Yours sincerely,

Jenni Vanyai

1. The calculations include the cost of financing one small, and one medium lower priced vehicle, depreciation, scheduled services, registration, insurance, fuel, tyres, etc. The calculations are for the cost of owning and operating a vehicle over a five year, 75,000 km (15,000 km per year) period.

2. Based on costs of daughter who has lived very frugally in Melbourne on combined Youth Allowance, part-time work and assistance from us whilst attending university for past three years.