

Submission to the Senate Inquiry from Andrew Sanger.

To the honourable senators conducting this inquiry.

By way of background, I would like to outline my family's circumstances.

I am a 51 year old father of 4 children living in Albury. In recent years my career has progressed so that I am now earning in excess of \$100,000 per year. My wife has recently returned to the workforce on a part time basis and earns about \$35,000 per year. Based on our current income, my children are unlikely to be eligible for dependent youth allowance under either the existing scheme or the proposed changes to eligibility criteria announced in this year's budget. I do not consider our family to be struggling financially. However, bringing up 4 school age children, providing for their education, music lessons, sporting interests and so on, along with mortgage repayments, normal household bills, providing private transport for ourselves and the children (public transport is inadequate), putting something away to fund my own retirement, and so on means that there is very little left over to put towards future costs associated with the children's tertiary education if they have to move away from the family home.

My eldest daughter, Phoebe, finished year 12 last year. She deferred a place at Swinburne University (BA in media and communications, a course that is not available locally) and tried to find full time work at some of the major employers here (Masterfoods etc) without success. She is currently working three casual jobs - two in Wodonga and one in Albury, as well as doing a bit of busking and babysitting etc to try to earn enough to meet the current eligibility criterion for independent youth allowance. In September she will be funding her own trip to Poland to undertake voluntary work teaching English to under-privileged Polish children at a catholic convent in Walbrzych. We had confirmed with the organisation that promotes these gap placements that Phoebe would receive a statement of earnings from her time in Poland that would also be accepted as part of the \$19,000 odd that she has to earn to qualify for independent youth allowance under the current system.

Overall, while it will be tight, Phoebe expects to earn that sum by about March or April next year (this may stretch out to June if the work dries up) and be eligible for independent youth allowance under the current scheme after then. This plan is consistent with the advice that was given to all year 12 students last year, and confirmed by the universities and the Centrelink website earlier this year.

With the announcement in the budget of proposed changes to eligibility criteria for independent youth allowance, Phoebe's future has become very uncertain. This is the primary reason I decided to lodge a submission to the inquiry. My submission is driven by two considerations:

Firstly, the retrospective nature of the changes to the independent youth allowance eligibility criteria is extremely unfair on those students who chose to defer their university place this year.

Secondly, and more generally, the support that is available under the current and proposed systems does not make enough provision to support students who have to move away from home to undertake their tertiary education.

I note that the Government has relied on recommendations in the Bradley Review to justify the changes to eligibility criteria for independent youth allowance. However, the Bradley review and the Government's subsequent recently published advisory material does not place enough emphasis on discriminating between the needs of those students who live at home versus those who must move away from home to pursue their university dream.

I don't believe that students who go to the effort of qualifying for independent youth allowance and then move away from home to take up a university place should be tarred with this brush. The support they receive will all be put towards the additional costs they must meet as a result of living away from home. They will still need to find a part time job to top up the allowance, and they will leave University with a HECS debt that will make erode their future income for number of years. This is not a rort, and to portray it as such is insulting to kids who have worked hard at school and

So, if there are students who do not deserve the government support they are getting, it may be those from affluent families who access independent youth allowance while still living at home.

I have examined the terms of reference for your inquiry and have provided responses on the attached page. However, I would like to make some positive recommendations for consideration.

Recommendations:

I recommend that the honourable senators:

- Advise the Government that the retrospective nature of the proposed changes to eligibility criteria for independent youth allowance is totally unacceptable to the students currently undertaking a gap year and that this element of the changes will not pass the Senate if it is included in the proposed legislation.
- Recognise that the eligibility criterion of 30 hours of employment for 18 months of a two year period is unattainable for young people, especially those from regional and rural backgrounds, due to limited employment opportunities under current economic circumstances.
- Recognise that most Universities currently only allow deferral for 12 months, which is out of kilter with the 2 year workforce participation eligibility criterion for independent youth allowance.
- Recognise that all students who have to move away from home to take up a course are disadvantaged and consider retention of an eligibility criterion for independent youth allowance based on an income target over a reasonable period.
- Consider that if a trade-off is required that requires a tightening up of access to independent youth allowance, that it be limited to those students who do not have to move away from home to pursue their tertiary education.

Specific responses to terms of reference

a. the financial impact on rural and regional students who are attending metropolitan secondary schools, universities or TAFE;

If students have to move away from home to take up their chosen course, they will be liable for substantial additional expense over those who live at home – rent, electricity, transport etc, plus the additional marginal expense of food etc. These expenses must be paid up front, therefore further disadvantaging regional and rural students by limiting their opportunity to pay their HECS up front. I have seen various published estimates of the cost for these living expenses, and they generally range between \$10,000 and \$20,000, with an average of about \$15,000. From my own research into the likely costs for my daughter to move to Melbourne next year, I believe this is an accurate figure.

b. the education alternatives that is needed to meet these for rural and regional students wanting to study in regional areas;

While in the long term it may be possible for regional universities to offer more courses, there will always be a need for students to move away from home to take up their course of choice, and rural and regional students will always be more likely to have to do that than students who live in metropolitan areas where there are more and larger institutions.

For example, my daughter has chosen a specific degree course that is available in one form or another at a number of institutions around Australia. However, it is not available at the two tertiary institutions here (CSU at Albury or La Trobe at Wodonga). Her preferred course is to be undertaken at Swinburne University, and comes highly recommended by friends of ours who are on the academic staff of the two local universities. That is, Phoebe has chosen and been successful in gaining a place in one of the best courses of this type in Australia. She deserves congratulations and support for this achievement, including government support.

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

Many students from rural and regional areas come from families that have made decisions to invest in their children's education at the primary and secondary school stage, on the understanding that when they finished secondary school they would be able to work to gain independent status by earning 75% of the training wage. This has been a medium to long term financial decision for both the students and their parents. Some families, mine included, are now discussing how to choose which child or children will get supported at university, and whether the opportunities being provided to the younger children will have to be curtailed or stopped altogether.

Most of the universities allow students to defer their course for one year. The proposed restriction on eligibility criteria for independent youth allowance that requires students to work for 30 hours per week for 18 months of a two year period is out of kilter with what the universities currently allow. So students who have put all of their efforts into year 12 to get the UAI scores to take up the course of their choice, may not be guaranteed a place in that course if they have to defer for two years

In any case, the alternative criterion for attaining independent status is too tough –

having to work for 30 hours per week for 18 months of a 2 year period is very difficult to achieve, especially for young school leavers who find it difficult to obtain employment due to their lack of experience. This is especially the case under current world economic conditions leading to higher domestic unemployment. For example, my daughter is working three casual jobs, but rarely gets 30 hours of work in one week. Also, it is a very arbitrary measure. Also, my daughter generates some additional modest income from activities such as busking, commissioned artworks, and babysitting. These are not the sorts of jobs that can be 'verified' in terms of hours spent working for an employer. Many other self employed students will also find it difficult to verify their hours.

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

No submission.

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

Full independent youth allowance, in its current form, provides significant support for students, both those who live at home and those who have to move away from home. Additional support available to Youth allowance recipients who do not live at home is also very helpful.

The proposed income scales for dependent youth allowance are better than the current income scales for that allowance. However, the allowance reduces as income increases, and then cuts out at certain points. Many parents who have both parents working will have a combined income that is more than the cut-off points for dependent youth allowance. However, many of these same families are at the point in their working careers where their existing financial commitments are also large and don't have the capacity to undertake to support one or more children who move away from home to attend University.

For country kids who have to move away from home, the full independent youth allowance is really the necessary level of support that provides enough money to significantly contribute to their additional expenses over those students who live at home.

f. the educational needs of rural and regional students;

I consider that the educational needs of all students are the same, whether they are rural and regional students or metropolitan students. However, rural and regional students do not have the same educational opportunities as metropolitan students, and government policy should seek to eliminate this inequity rather than make it worse.

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

I consider it is unlikely that there will be massive impacts on rural and regional communities from the implementation government proposals. However, it is possible that one or more of the following impacts will occur that may tend to weaken small communities.

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- some families will decide to move away from regional locations into metropolitan locations while their children are at university age
- some families will borrow money to support their children who move away from home and may run into trouble servicing these additional loans, possibly leading to bankruptcies and bank foreclosures
- some families will have to make choices about which children to support, and this may lead to conflict and family stresses