

**Submission to Senate Rural and Regional Affairs and Transport  
References Committee**

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

In addressing the Committee, I want to particularly address the following terms of reference:

“...metropolitan students attending regional universities ..., with particular reference to:

- e. the adequacy of government measures to provide for students who are required to leave home for secondary or post-secondary study; and
- h. other related matters”, in particular the retrospective nature of the proposed changes to the legislation.

**Summary:**

I wish to draw the Committee’s attention to inequitable, unfair and possibly unintended consequences resulting from the date of introduction of proposed legislative changes to eligibility criteria for Youth Allowance, announced in the Budget in May. These proposals profoundly affect regional students who left school in 2008 and have already been accepted into metropolitan tertiary institutions but have taken a gap year due to economic circumstances. The legislative changes also affect metropolitan students intending to study away from home, whether at regional or metropolitan tertiary institutions.

The retrospective nature of the changes will adversely affect our daughter, who left school in 2008, substantially. As a consequence of the legislative changes our daughter has already lost a \$10,000 scholarship that she could have had towards her tertiary studies if she had the opportunity to plan differently. She had to make decisions on intended university placement in October 2008 yet the changes that will have a direct and retrospective impact on her future were announced in the Budget in May 2009. Our situation is shared by thousands of other families across Australia and may serve to demonstrate the inequity of the proposed changes.

I am suggesting specifically that, on the basis of fairness and equity, the changes should apply from 1 *June* 2010 rather than 1 *January* 2010. This would overcome the unfairness of retrospectively making ineligible all those students who left school at the end of 2008 and who have already made life-altering plans on the basis of existing legislation.

**The issue:**

Recent budget proposals will remove one of the current criteria for eligibility for Youth Allowance, referred to commonly as the ‘Independence’ criterion, which requires that the recipient earn, in an 18 month period since leaving school, an amount equivalent to \$19,532 in 2009.

Minister Gillard has stated in correspondence that “more students will be eligible to receive Youth Allowance as a result of the changes the Government plans to make...”. However she fails to address the fact that many students who have deferred studies to qualify for Youth Allowance will actually be worse off than if they had known last year they wouldn’t qualify – in our daughter’s case, at least \$10,000 worse off.

The date of introduction of the proposed changes makes all students who left school in 2008 ineligible to receive Youth Allowance for studies in 2010 under the Independence criterion, even though they will be 12-14 months through the 18-month period at the time the changes are implemented. Removal of the independence criterion is therefore retrospective, in that those students taking a gap year this year based this decision on the criterion in place when they left school, yet there are no ‘grandfather’ clauses. I understand approximately 30,000 young people are in this cohort who have already enrolled in universities, obtained jobs and worked hard to meet the criterion, in the belief that they will be eligible for Youth Allowance.

In many cases these students now may not be able to afford to proceed to university or may see it as all just too hard and abandon their tertiary education plans. This was not the intention of the recommendations in the Bradley Review on which the legislative changes were based.

These students are being affected by the change after they are in a position to do anything about it. Many have put arrangements in place and taken life-altering decisions. These students may not have taken a gap year, or may have chosen less desirable courses in their home towns, if they had not been advised that they would qualify for Youth Allowance. This advice was received in good faith from school Careers Advisers, university Student Advisers and most importantly Centrelink staff at university open days. To retrospectively change the rules is grossly unfair. These students do not have the option of working for another year to meet the more stringent criteria of working full time for 18 months as most tertiary institutions only allow a deferral of one year.

In addition the young people affected by these changes do not have the backing of a union or other organisation to voice their concerns. They are no longer in the school system, they are not yet in the university system and are only temporary or part-time employees and therefore unlikely to be represented by unions. As one young person said recently, “there is no union for ‘Almost Students’”. One hopes this was not a factor in the Government’s decision regarding the date of implementation.

Although these proposals discriminate most heavily against regional students who do not have tertiary educational establishments in their home towns, metropolitan students may also be profoundly affected, as in the case of our daughter.

### **Our personal example:**

Even though we live in Canberra, the specific university course our daughter wants to study is not available locally. There is a similar course locally that is adequate, but not as suitable, and she was offered a place in this course along with a scholarship worth \$10,000. The course she really wants to do though is in Melbourne, as it is generally regarded as the best in Australia by Industry and offers the specific subjects she wants to study for her future career. On the basis of advice from Centrelink and School Advisers that she could qualify for Youth Allowance under the Independence criterion, which would make it financially manageable for her to live away from home, she applied for this course as well. She was thrilled when she was offered a place, which she accepted, even though no scholarships are offered on merit because it is so competitive and difficult to get into. She then declined the place at the local university (which would have allowed her to live at home) and the \$10,000 scholarship. She deferred the place in Melbourne and gained a job in which she has been working this year to meet the Youth Allowance requirements.

Under the Budget changes, even though she has already earned the income required currently, she will not be eligible for Youth Allowance under the Independence criterion. Neither will she qualify under the new parental income thresholds (we are modest middle income earners with mother working part-time). The consequences of the proposed legislative changes are thus as follows:

- Our daughter will probably have to withdraw from the course she has been accepted into on the basis of merit and hard work, due to the high cost of living away from home. She would then have to reapply for her place in Canberra, with no guarantee she will be accepted.
- Even if she regains her place locally, she cannot regain the scholarship because it was only for school-leavers. This was worth \$10,000. She would have accepted the place and scholarship locally if she had known she would not qualify for Youth Allowance.
- She is in a lose-lose situation because she cannot know which course of action is best to take, given the uncertainty as to whether or not the date of legislative change will be amended. University applications for 2010 will be due in approximately October this year, and a final decision from the Government is unlikely before then. She cannot apply for a place in Canberra while still holding the place in Melbourne, but if she gives up her place in Melbourne and the legislation date is changed, she has given up the place for nothing. If she doesn't and the date is not changed, she will probably still have to give it up anyway but will no longer be able to get the place in Canberra.

If she had known she wouldn't qualify for Youth Allowance she would not have even applied for the place in Melbourne. The financial burden on us as parents to support her living away from home, even if she works part-time while she studies, would be huge and she knows we would have great difficulty meeting that burden. It is heartbreaking for her and for us as parents that she will have to let go of this opportunity, knowing that she won a place in her ideal course on merit and hard work.

- She may not proceed to university at all. She has been very upset by the fact that the rules have changed after she had put in place all her plans. She is now disillusioned and losing motivation. She is already talking about just continuing to work and not going to university at all if the date of implementation is not changed to allow 2008 students to qualify.
- She could have instead commenced university locally, with the scholarship, and be 12 months into her studies already.
- She has worked 14 hour days, six days a week to achieve the required earnings, yet the employment she has undertaken to qualify for Youth Allowance will not count for anything unless she gives up her hard-won place in Melbourne, given that she could only defer for one year, and risks re-applying again next year.
- As a family we have made employment and life decisions based on current legislation and our daughter's eligibility for Youth Allowance. We considered moving to Melbourne so that we could be close to our daughter but my husband accepted a job in Canberra just before the Budget announcement, because we felt she could afford to live away from home with Youth Allowance. For her to be able to continue with her original plans to study in Melbourne, I would have to find full-time work, which would require leaving my current long-term job that I love. In the current economic environment this is likely to prove difficult and would be even harder because I am already past retirement age.

### **Recommendation on the basis of fairness and equity:**

Changing the date of implementation from January 2010 to June 2010 would allow those who have already made life altering decisions after leaving school in 2008 to achieve their educational aspirations, while giving 2009 school-leavers adequate time to plan differently.

A simple change to the date of introduction would therefore remove the inequity otherwise being placed on 2008 school leavers who took a gap year to assist their progression to tertiary studies.

If the date of change is not amended I understand it may be possible to lodge a Claim for Compensation against Centrelink under the 'Act of Grace'

payment clause where “the application (of Commonwealth legislation) has had an unintended, inequitable or anomalous effect on the claimant...”. In our case we would seek compensation at least for the loss of the \$10,000 scholarship.

Thank you for consideration of this submission,

Ms Catherine Caddy