

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

From: Anthony May.

With regard to the above Senate enquiry I have 3 points relating to these particular terms of reference:

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

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

The proposed changes, or any other changes subsequently agreed to as a result of this enquiry, should not be of a retrospective nature in the way that they may affect students who have completed their secondary schooling prior to the proclamation of such changes.

With regard to being eligible to receive the Youth Allowance, the existing 3 criteria that enable students to achieve financial independence from their parents by meeting the workforce participation criteria should not be changed.

With regard to being eligible to receive the Youth Allowance, the criteria by which a student is eligible should be expanded to assess the ability or otherwise for a student to travel to and from their parents' home to their higher education centre on a daily basis.

With Regard to Point 1.

Students who completed their secondary school education in 2008 and achieved results that enabled them to attend higher education courses, made their decision regarding when and how to attend those courses based on the criteria in place at that time. If any changes are to be made they should only apply to students who have completed their secondary education after such changes are passed by Parliament.

In fact, if the proposed changes for assessing financial independence are passed as proposed by the government, then those students who are currently trying to demonstrate financial independence under the criteria that are to be removed, will in fact, have to start again to achieve their financial independence. That is, if the student has not been working 30 hours per week, every week, since they left school at the end of 2008, then they will not be eligible for financial independence until at least 18 months AFTER they start working 30 hours per week.

With Regard to Point 2.

In assessing the adequacy of the proposed Government measures and the way they impact on the provision of equitable access to higher education opportunities for students from rural and regional communities, the proposed changes to Youth Allowance stand out as having the greatest affect.

The majority of students who live in rural and regional Australia and who want to attend the higher education centre of their choice will be unable to live at home and be unable to travel on a daily basis to that centre.

This is the fundamental difference between students in the capital cities (and a few very large regional centres) and the majority of those in rural and regional Australia.

Various studies have shown that the minimum that it costs for a student to live away from home is at least \$20,000 per year. Of this the largest single item is the cost of accommodation, being of the order of 10 to 12 thousand dollars per year.

For working families in rural and regional Australia, the costs involved in having their sons and or daughters, living away from home are substantial and often prohibitive.

While some assistance is available to low income families, the level of assistance and the cut off points are so low that they provide minimal or no financial relief to families on average incomes.

The only practical way to obtain some benefit is for the student to obtain “independent status” under the Youth Allowance provisions. For the majority of students this can be achieved by meeting one of the three workforce participation criteria.

The Bradley Review found that the majority students became eligible for independence by meeting the criteria that required them to earn \$18,850 (now \$19532) over an 18 month period. The review panel believed that this criteria, and the criteria of having to work at least 15 hours a week for 18 months, did not reflect genuine independence and that these 2 criteria should be removed from the workforce participation criteria for Youth Allowance

They implied that there was evidence to suggest that wealthy parents and those that owned their own business manipulated the manner in which this \$18,500 was earned.

They could not provide any figure as to how many students obtained their independent status this way, but the fact that some may have was enough for the government to use this as a reason to want to change the criteria.

However, the fact is, that if some parents are able to manipulate how the \$18,500 was allegedly earned, as suggested, then these same parents will be able to manipulate how the 30 hours per week for 18 months was achieved. This is not a valid reason for removing these 2 criteria.

This accusation of wealthy people “rorting” the system may make great headlines for newspapers, but the proposed changes will do nothing to stop it happening.

Also, the review panel made much of the fact that data presented to it showed that a large number of students who had demonstrated financial independence and were therefore receiving Youth Allowance, were living at home with their parents, a substantial number of whom had incomes of greater than \$50,000 per annum. They found that 68% of these students had parents with an income greater \$50,000 per annum; 49% with an income greater than \$80,000 p.a.; and 36% with an income greater than \$100,000 p.a. It appears to be that this data also led to the recommendation for altering the criteria for achieving financial independence.

The concern of the review panel was NOT that they were financially independent and living at home with their parents, but that of the income of their parents.

The panel made NO recommendation relating to the availability or otherwise of Youth Allowance to students who live at home with their parents

One point needs to be made with regard to the proposed idea to have 30 hours per week work for 18 months as the only criteria to achieve financial independence.

In rural and regional Australia, we already have relatively high youth unemployment. To achieve this financial independence criteria, the government is proposing the students

will need to take on fulltime employment for at least 18 months. For a large number of students this will be very difficult, if not impossible, to achieve and still live with their parents. For one, the jobs may not be there. Secondly, and more importantly, any prospective employer will almost certainly know that the student is only looking for 18 months work and is not interested in staying with the employer for longer than that. Under these circumstances, the prospective employer will almost certainly not employ the student.

With Regard to Point 3.

As stated previously, the ability of a student to travel daily to and from the higher education centre of their choice is a fundamental difference between students in the capital cities (and a few very large regional centres) and the majority of those in rural and regional Australia.

Under neither the current nor the proposed criteria for eligibility for Youth Allowance, the ability or otherwise for a student to travel to and from their higher education centre of choice on a daily basis is taken into consideration. In fact, the review panel noted that a large number of students who had achieved financial independent status and were receiving Youth Allowance did in fact live with their parents. However, they made no recommendation relating to the availability or otherwise of Youth Allowance to students who live at home.

If the Government is genuine about using Youth Allowance to target those in greatest need then the ability or otherwise for a student to travel to and from their higher education centre on a daily basis should be one of the criteria for eligibility for Youth Allowance. If a student is unable to travel on a daily basis to and from the centre of their choice, then it is quite obvious that the student has to live away from home. By having to live away from home, because of travel considerations, rather than choosing to live away from home for personal reasons, the Youth Allowance at the equivalent of the financially independent rate should be payable as is the case with Abstudy.