

*John and Liana Cartledge*

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The Committee Secretary  
Senate Standing Committee on Rural and Regional Affairs and Transport  
PO Box 6100  
Parliament House  
Canberra ACT 2600



31 August, 2009

Dear Sir/Madam,

Re: Changes to Youth Allowance

There is no doubt that the independence provisions in the Youth Allowance have led to a certain level of rorting with children of wealthy families able to engineer sufficient income to qualify for Youth Allowance support enabling children to, in some cases, live at home with an income stream from the government to place money in their pockets whilst they embark on their studies. No one suggests this is a desirable outcome; however, the changes to the twelve month income test not only do not address this rorting but serve to destroy the opportunity for students from middle income, country areas to attend university to advance their careers. This will lead to the undesirable outcome of favouring those who can afford further education rather than those who have gained a place through academic achievement.

The main failing of the proposed scheme is the two year work test. In most cases students can only defer for twelve months, the two year tests will mean that many unable to fund further education will be forced to forgo a hard won place and be left to embark on a two year work program with no certainty of a place at the end of that period. This is perhaps the most heartless and mindless part of the new rules.

For a country student to attend a Melbourne university there will be no change out of \$20,000pa. More than the full youth allowance provides anyway. By the time you factor in accommodation, food and public transport you use up most of that amount for even the most basic level of subsistence and the addition of fees, books and day to day costs means only a very frugal student will manage. Country incomes are often modest and for two people earning between them, let's say \$60,000 to \$80,000 and supporting another sibling, a mortgage, a couple of cars and general costs of living, there is not sufficient income to find a lazy \$20,000 for a child who has to move away.

Even with full youth allowance, either the child will need to find part time work in a tight market or rely on income support from parents to survive. For a family on the edge of the cut off point, the

funding costs in most cases are impossible. For this reason, many students embark on a twelve month program of work and saving to qualify for independent status with the guarantee that the place they deferred will be available in the following year and with some part time employment they will be able to commence a course that will provide them with a brighter future.

For those from middle income families within travelling distance of the family home, a part time job without any Government assistance will probably provide sufficient income to allow them to complete their studies. In fact, for a family in a capital city with access to decent public transport earning \$60,000 to \$80,000 supporting a university student at home as they complete their studies is quite affordable. For these students, the new rules seem reasonable and socially equitable. It is the sledgehammer approach to cracking the nut that has produced a policy that in its entirety is socially inequitable and unjust.

I would suggest that the rules should attempt to isolate those whose parents are on higher family incomes of say \$150,000 plus and can afford to educate their children. It would be more to the point to see a payment made to all those who would normally fall on the Part A bands to be entitled to a distance payment that compensates for not just the lack of decent public transport in country areas but more importantly, the cost of rent and utilities in the area they study in. This is consistent with the social aim of providing Part A and Part B payments to families of dependant school age children. There is absolutely no reason why, if a university student is deemed dependant under the age of 25 (currently), that payments should not be made to the level of Part A entitlement plus a notional accommodation cost for the city they are living in.

The government is also changing the rules mid- stream. There are a large number of students who have embarked on a 2009 GAP program based on the rules at 1/1/09; for the government to change the rules retrospectively and mid-stream is unconscionable. At the very least, the scheme should not commence until 2011, and only then in modified form to match the length of the earnings test with the deferral period of twelve months.

The changes proposed are typical of an appropriate reaction being blind to the wide-spread harm that can ensue in pursuit of a bludging minority. It may well crack this particular nut but there will be a lot of unintentional damage to people who deserve a fair deal from the government that is meant to serve them. As parents with one child already at university in Melbourne and another currently working to achieve independent status in order to take up a university place in Melbourne in 2010, we note that our youngest daughter has reacted with a degree of anxiety. For our part, we now have to make full financial provision for her education and living arrangements for the next few years. This is less than fair for hard working Australian families. We urge that consideration is given to a revision of the Youth Allowance eligibility criteria for students currently undertaking a Gap year and additionally, for the long term, deleterious effects it will have on young people in regional, rural and remote areas – and by extension, their communities, should the changes be implemented. Such a policy which so blatantly favours our city-based counterparts is unsatisfactory and very unsavoury.

Yours sincerely,



John Cartledge



Liana Cartledge