

15 July 2009

Proposed changes to youth allowance

As middle income parents of four children who aspire to support them all to have access to opportunities for education, employment and earning power that we did not have when we were leaving school. As a result of the delay in pursuing our own tertiary studies our entry into the middle class income bracket is relatively recent and will never truly overcome the financial hardships we faced in raising our family, buying a home and self-funding our university studies.

Three of our four children has or is currently taken advantage of the former youth allowance support to enable them to attend university. They all took a gap year, working at a range of part-time jobs over many long hours in order to qualify for youth allowance. Work has become even harder to gain in our rural community and our daughter worked at three jobs, sometimes in the same day, to meet the financial criteria. The proposed changes will destroy this avenue of studying at university for our last child. At very least she will have to work for two years, IF she is fortunate enough to find sufficient work. This enforced two year break will mean that many students lose the impetus to study, or are disadvantaged in their delayed earning capacity and opportunities.

As a rural student, living on a farm out of the town, her opportunities to participate in the workforce and build a much needed employment record is limited. Young people seeking work after school are disadvantaged if they have no experience. Employers are seeking employees who plan to return the investment of training by staying in the town and gap students are finding it tougher than ever before to get sufficient employment in these depressed economic times in rural areas. We are concerned that our daughter will be forced to relocate to a city centre and apply for unemployment benefits whilst she seeks the necessary 30 hours of work under the new conditions of youth allowance proposed. The cost of this relocation, without any guarantees of sufficient work, will create great financial and emotional duress for many families, including ours.

Julia Gillard speaks glibly about families on \$200,000 to \$300,000 accessing youth allowance and many of these families will continue to do so, given their ability to minimize income, set up alternate tax schemes, etc. which are unavailable to the pay as you go taxpayers on incomes of \$150,000 and below. The approach is simplistic and works against a sector of the community who has struggled out of disadvantage. At very least, rural students who are forced to relocate should receive the relocation allowance to assist them with the onerous costs involved in attending university. Under the proposal the students who meet the criteria get it all, whereas those fringe dwellers that just miss out, miss out on it all.

The Labor government does not seem particularly interested in considering these concerns and highlights what it is giving out in its amendments. We believe that it needs to also reconsider what it is taking away.

Yours sincerely

Meg & Neal Foster