

SUBMISSION: Proposed Changes to Youth Allowance

Date: 7th August, 2009.

Background

Currently there are many young Australians getting up and working hard all day for often minimum wages in order to be able to afford their dream – a university education resulting in a university qualification that allows them entry into the field that they are most interested in.

Many have left their friends behind them as they work unusual hours in odd locations - which has separated them from their friends – some of which, notably those from more affluent backgrounds, have already gone off to university. This alone, and the whole gap year concept is causing problems of inequality in regards to access.

It's also playing havoc with their emotions and their sense of self-worth. Yet other students are traipsing around overseas having a fun gap years, and will return and still receive youth allowance as their affluent parents 'employ' and pay them in order to meet youth allowance requirements.

The Bradley Review of Higher Education, found 49 per cent of students on the benefit lived at home in households with incomes above \$80,000 and 36 per cent above \$100,000. However, it's way past time to consider that these are high income levels. Certainly they are nowhere near what many politicians and public servants receive. \$80,000 also doesn't go very far if you have 4 teenage boys attending school, sports and simply growing and eating vast amounts of food, needing new clothes etc

It was also noted that the stimulus package didn't extend to all hard working, tax declaring Australians – so where was the equity in that. Farming was an example – yes, work was done, income was earned, but costs were significantly higher – but no stimulus package for the very needy – just for the ones who got to keep enough of their pay to enable them to pay tax on. Once again, not fair on our farming friends.

How then do we fix this system which only works for a few? How do we address the inequalities between country students who can stay at home, and rural students who have to pay what are often significantly inflated accommodation expenses fairly ordinary accommodation?

Suggestions:

1. That proposed changes be revised to ensure consideration is given to rural students needing to access metropolitan universities to undertake their studies.

This would require either higher cut off levels for income for rural families or greatly enhanced Living Away from Home payments.

2. That proposed changes, following revision and consideration of available facts, be held over for implementation in 2011. To do otherwise is to discriminate against all post HSC students who have been working in 2008 and 2009 in order to qualify for Youth Allowance payments in 2010. To do otherwise would be unAustralian.

3. That Youth Allowance entitlements be adjudicated by the Australian Taxation Office. This could be based on application with a formal classification approval system being implemented based on the postcodes of the existing home and the postcode of the university the student will be attending.
4. That the application process for Youth Allowance be streamlined. It's currently an invasive maze of questions and answers, many of which are of a very personal financial nature. It's time that the government acknowledged that it cannot keep denying legitimate tax paying claimants Youth Allowance for their children. The assets that people have accumulated through hard work, paid for with money that has already been heavily taxed, should not figure in the Youth Allowance equation.

It's also very inappropriate for children to be 'accessing' parental income details under the guise of a Youth Allowance application.

5. That our youth should not be discriminated against on the basis of their ability to access Youth Allowance – Youth Allowance should be available to cover all core areas of study where significant need exists within Australia – for example medical and health sciences, engineering, research, science, teaching and technology.
6. That the government investigate and clarify why an 18 year old student who has electively moved away from home, works part time and studies full time, and whose parents pay for all the student's accommodation and education costs is considered DEPENDENT for the purposes of YOUTH ALLOWANCE, but because he doesn't live at home and isn't under the direct control of his parents is classified as INDEPENDENT for the purposes of FAMILY ALLOWANCE. It's high time the government realised it can't have it both ways. It is illogical for a government department to use manipulate eligibility in such a manner – yet again depriving parents of financial assistance.
7. That Youth Allowance payments be paid at an appropriate level. Given that at least half of living expenses relate to accommodation, then it is reasonable to have the Youth Allowance payment for students living at home. There should also be a reasonable obligation on their parents to allow them to stay at home when they already reside in the area where they attend university.
8. That the ongoing payment of Youth Allowance to eligible students be linked to successful completion of studies each semester – attendance at lectures, workshops and tutorials, completion of set works and presentations, and attendance and pass grade for examinations. This would make all students value this entitlement.
9. That the burden placed on the shoulders of rural parents be lifted in regard to assisting their children obtain university qualifications.
10. That the qualifying work period for Youth Allowance be a minimum of 30 hours per week for a minimum period of 12 months. Pro rata equivalent hours and time frames would also comply.

11. That the associated payments for Living Away from Home and rent assistance reflect actual required expenditure by students who do in fact live away from home, and not just around the corner.

Summary

Many, many young RURAL Australians need to receive Youth Allowance in order to access university education. There are many ways the system could be enhanced. There are many rural families who have not applied for Youth Allowance – and many who haven't applied for drought assistance. This can be a 'pride' issue, where to apply, it to admit failure or defeat. It's also particularly daunting and discriminatory that those who own and live on farms and those who have small businesses to have such an extensive and invasive examination of their finances. It's also unnecessary given the information the government already collects at tax time.

Further consideration to be given to the proposed changes to Youth Allowance and that the projected Youth Allowance savings of 1.8 million be redirected back into the Youth Allowance scheme.

Application of the above suggestion would work towards a more equitable Youth Allowance scheme which acknowledges the tyranny of distance many rural students face in Australian, and would acknowledge the heavy financial burden many rural parents have been forced to pay in order to allow their children to obtain university qualifications.

Linking Youth Allowance payments to core areas of need and actual university performance would ensure that Australia was effectively using her limited resources in regard to tertiary education.

Limiting the qualifying period to 30 hours a week over 12 months would enhance the perception of a gap year without overly victimising students from less affluent background.

At the end of the day it's not logical to expect high performance from bright young students who are forced to study full time, hold down a job, complete assignments and much more whilst essentially living on two minute noodles and substandard conditions without adequate heating, cooling or security. Each gap year is a career year wasted so lets just keep it at one year and not a day longer.

After all, it's difficult enough being away from home, and trying to find work in the current economic climate. If you increase the qualifying period to two years, then you increase the pool of students looking for a job – and these extra jobs simply don't exist. It's time the government showed a little honest, a little trust and a little integrity – or perhaps they could try living of Youth Allowance for 12 months in order to evaluate the problems which exist within the current system.

Prepared by:

Julie Marwood