

Tuesday, 25 August 2009

Committee Secretary,

The proposed changes to Youth Allowance, changing the way an individual can be classed as independent from their parents has received a large backlash from the community. I am writing to represent those in the community who welcome the changes as a more fair and equitable way of providing assistance to financially disadvantaged students in our society.

The current system allowing any student to become “independent” of their parents financially and therefore eligible to receive the full rate of Government financial assistance while engaging in tertiary education is a loophole that students from financially secure families are taking full advantage of. Under the current system, students know they can take a gap year and work so they can receive Youth Allowance regardless of the wealth of their parents. This is resulting in the taxpayer funding living costs for students whose families can easily afford to do so. At the same time the current arrangements are causing students on the borderline, who are from less financially able families but do not meet the requirements of the Youth Allowance parental means test to waste a year in the workforce to meet the independence requirements.

Under the new system, many more students will be eligible for Youth Allowance without having to take a gap year, and that increase in eligible students will come from the most financially disadvantaged, who are currently ineligible for Youth Allowance based on the parental means test. This will result in a much more equitable distribution of public funds as Youth Allowance will be distributed more to students of families that are most in need. It is my opinion that increasing the number of financially disadvantaged students eligible for Youth Allowance straight from high school at the expense of students from more wealthy families is an improvement. I am also certain there is a large proportion of the community who agrees with this position. However, the most vocal responses to the new proposal have been against it.

The concerns of when the legislation would take effect are a separate issue and I agree with the concerns raised. Students who are currently taking a gap year, and made the decision to do so based on the rules in place at the end of last year should not have the rules changed for them. These students made decisions greatly affecting their lives based on current information at the time, to change the rules to affect them would be unfair. It is therefore my opinion that the rules should not come into effect until 2010, firstly affecting those currently in their final year of high school.

Australia has long prided itself on providing education to all regardless of financial status, and this legislation further improves on that mantra by increasing financial support for tertiary education to more disadvantaged families. Investing in financial support for disadvantaged students differentiates Australia from many other nations and creates a stronger, more educated workforce.

Yours faithfully,  
Gary Oliver