



## STUDENT INCOME SUPPORT – PARENTAL INCOME TEST

A key component of the reforms to student income support in response to the Bradley Review of Australian Higher Education is an increase to the Parental Income Test (PIT) threshold for access to Youth Allowance or ABSTUDY (currently \$32,800) to align with the Family Tax Benefit A (FTB) income test (currently \$42,559).

The current per child taper arrangements for calculating benefits for incomes above the threshold will be replaced with a 20 per cent per family taper consistent with FTB arrangements.

The cost of this measure is \$559.9 million over four years.

### Removing financial barriers

This reform will ensure better support for those who need it most. Consistent with the reforms to student income support, the measure aims to ensure that financial barriers are removed to the participation in education and training of students from low socio economic status (SES) backgrounds, including those from regional and remote areas and Indigenous students.

Increases to the Youth Allowance and ABSTUDY PIT are central to the Bradley Review objective of lifting the proportion of 25 to 34 year olds with at least a bachelor level qualification from 29 per cent to 40 per cent by 2020.

The changes to the Youth Allowance and ABSTUDY PIT improve access and lift the coverage of students receiving income support by over 17 per cent. They are critical to meeting the Government's target of 20 per cent low SES undergraduate enrolments in higher education by 2020.

### What this measure will deliver?

This reform allows 67 800 young people to access income Youth Allowance or ABSTUDY to support their participation in post compulsory secondary, vocational education and higher education, Australian Apprenticeships and a combination of activities. In addition, 34,600 existing recipients who currently receive a part payment will receive an increase in their payment, often to the full payment rate.

This measure will take effect from 1 January 2010. It applies to students on income support, including Youth Allowance and ABSTUDY. It also extends to Youth Allowance (other).

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### Next steps

This measure, along with other reforms to student income support, will be legislated in 2009 and guidelines updated as appropriate. Required modifications to Centrelink systems are expected to be completed by December 2009.