



Youth Allowance

FACTSHEET

MARCH 2011

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, are changes to the Parental Income Test (PIT).

From 1 July 2010, these changes increased the threshold for access to the maximum rate of Youth Allowance or ABSTUDY to align with the Family Tax Benefit A (FTB) income test. The parental income free area will be adjusted annually on 1 January and increased to \$45 114 from 1 January 2011.

The per child taper arrangements for calculating benefits for incomes above the threshold is now a 20 per cent per family taper which is consistent with FTB arrangements.

Parental income test cut off points have risen significantly, providing substantial support to many families, including families whose children have not attracted income support before.

Table A: Examples of Family Situations and Parental Income Test Cut-out Points

Family Situation: Number of children on Youth Allowance/ABSTUDY by Age	Parental Income Cut-out Points
	Current Arrangements
1 Child aged 18 at home	\$78,459
1 Child aged 18 away from home	\$95,784
2 Children aged 16 and 17 at home	\$100,568
2 Children aged 18 and 20 at home	\$111,805
2 Children aged 17 and 21 away from home ¹	\$146,454
2 Children aged 19 and 22 away from home	\$146,454

Note:

[1] Assumes 17 year old at school and 21 year old at university

More young people are now able to access Youth Allowance or ABSTUDY to support their participation in post-compulsory secondary, vocational education and higher education, Australian Apprenticeships and a combination of activities. Many recipients who previously received a part payment due to the parental income test have received an increase in their payment, often to the full payment rate, depending on their families' circumstances.

As a result of this reform, many students who would not be eligible for support because of tightening of the workforce participation criterion for financial independence are now eligible due to increases to the parental income test.

Removing financial barriers

Consistent with other reforms to student income support, the changes to the parental income test aim 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.

The changes to the Youth Allowance and ABSTUDY parental income test improve access by students to receive income support and are critical to meeting the Government's target of 20 per cent low SES undergraduate enrolments in higher education by 2020. The parental income test changes are also central to the Government's 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 2025.