



Youth Allowance

FACTSHEET

MARCH 2011

STUDENT INCOME SUPPORT INFORMATION FOR RURAL STUDENTS

Legislation to give effect to the Australian Government's reforms to student income support was passed by the Parliament on 18 March 2010. These reforms will ensure that student income support payments are better targeted and more assistance is provided to those students who need it most, including rural students.

Changes to the Parental Income Test have reduced financial barriers for dependent rural students

Rural students with parents earning up to \$45 114 will now receive the maximum rate of payment (up from the previous threshold of \$33 300 in 2010). Youth Allowance or ABSTUDY payments will only start to reduce for parental incomes above this threshold. This reform was implemented on 1 July 2010.

In addition, the previous 25 per cent per child taper arrangements for calculating benefits for incomes above the threshold have been replaced with a 20 per cent per family taper.

This means that parental income test cut-out points are higher, providing support to many families including families whose student children may not have attracted income support previously. Many rural students will now receive some Youth Allowance or ABSTUDY payment up to a much higher income cut-out point, based on their family circumstances. For example, the parental income cut-out point for a family with two children aged 18 and 20 at home increased from around \$63 000 to over \$111 000 and the cut-out point for a family with two children aged 18 and 20 and living away from home increased from around \$80 000 to over \$146 000. The potential cut-out points for different types of family circumstances are set out in the table below.

Table 1: Examples of Family Situations and Parental Income Test Cut-out Point

Family Situation: Number of children on Youth Allowance by Age	Parental Income Cut-out Points	
	Previous Arrangements *	Current Arrangements
1 Child aged 18 at home	\$59,173	\$78,459
1 Child aged 18 away from home	\$72,616	\$95,784
2 Children aged 16 and 17 at home	\$58,606	\$100,568
2 Children aged 18 and 20 at home	\$62,965	\$111,805
2 Children aged 17 and 21 away from home ¹	\$76,408	\$146,454
2 Children aged 19 and 22 away from home	\$80,201	\$146,454

Notes:

* Based on 2010 parental income threshold of \$33,300

(1) Assumes 17 year old at school and 21 year old at university

More rural youth will qualify for student income support payments under changes to the age of independence

Under previous arrangements, a young person on Youth Allowance or ABSTUDY was considered to be dependent on their parents until they turn 25, unless they established their independence through other means.

The age of independence for student payment purposes was reduced to 24 years on 1 April 2010 and 23 years on 1 January 2011, and will further reduce to 22 years on 1 January 2012, recognising the increasing self-sufficiency of young people as they mature.

The Workforce Participation Criterion for independence

The Government has tightened the workforce participation criterion for eligibility for independence to ensure that support is available to students who need it most, including rural and regional students.

Students receiving Youth Allowance (student) and ABSTUDY are able to establish independence through demonstrating full-time attachment to the labour force, or through personal circumstances.

Special arrangements for students disadvantaged by distance

From 1 January 2011, young people from outer regional and remote areas may be eligible for independence through the previous three elements of the workforce participation criterion. If they meet the second or third elements of this criterion, they may be eligible for independence provided:

- they are required to relocate to study because of the geographic location of their family home—their family home must be in a location categorised under the Australian Standard Geographical Classification (AGSC) as Outer Regional Australia, Remote Australia or Very Remote Australia; and
- their parents' income is less than \$150 000 per annum.

Are you affected?

To find out if your home town is classified as Outer Regional, Remote or Very Remote, visit www.youth.gov.au/yamap.html

Students from other areas who work an average of 30 hours per week for at least 18 months during a two year period are still considered to be financially independent from their parents. However, students who have undertaken part-time

work or earned a particular amount over 18 months since leaving school will no longer satisfy the workforce participation criterion (see the 'Workforce Participation Criterion' factsheet for details).

While some students who may previously have gained financial independence under these rules for Youth Allowance or ABSTUDY will no longer do so, many of these students may now qualify for student income support as dependants under the reformed parental income test (see the Parental Income Test factsheet for details). Where dependent students need to move away from home to study, they may also be eligible for a higher 'away from home' rate of payment and Rent Assistance.

Rural students receiving student income support now have more help


Any student undertaking a higher education course who receives at least a part-payment of Youth Allowance or ABSTUDY may also receive a range of other assistance of particular benefit to rural young people and their families.

All eligible higher education students who are receiving Youth Allowance, Austudy or ABSTUDY are now entitled to the Student Start-up Scholarship valued at \$2194 in 2011 (indexed) (except for those already receiving a Commonwealth Education Costs Scholarship). The Student Start-up Scholarships is paid by Centrelink in two payments of \$1097 in 2011, one at the beginning of each semester together with students' income support payments. Students will receive the Student Start-up Scholarship for each semester they receive student income support while undertaking higher education.

Dependent rural and regional students receiving Youth Allowance or ABSTUDY who have to move away from home to undertake a higher education course may also be eligible for a Relocation Scholarship of \$4124 in the first year and \$1031 in subsequent years (also indexed). They may also receive Rent Assistance to assist with the cost of private rental, including university college accommodation.

Eligible students will receive the Relocation Scholarship in addition to the Student Start-up Scholarship.

The Relocation Scholarship is not available to recipients of a Commonwealth Accommodation Scholarship. By providing assistance with the costs of establishing accommodation, the Relocation Scholarship supports higher education students who have to move away from home to study, or who cannot live at home because of family circumstances and personal disadvantage.



As the Student Start-up Scholarships and the Relocation Scholarships are provided to all students who meet the eligibility criteria, they provide flexibility for students in determining which higher education institution they attend and which course they study. Payment of these new scholarships is timely as payment attaches to enrolment and is delivered through Centrelink.

Other benefits attached to Youth Allowance

Rural students receiving Youth Allowance or ABSTUDY still have access to the higher 'away-from-home' rate of payment as well as Remote Area Allowance, Fares Allowance for up to two return trips home per year and other benefits such as the low-income Health Care Card and Pharmaceutical Allowance.

For rural students who are dependent on their parents, the family assets test applying to dependent Youth Allowance recipients takes account of current market values, net of

business or farm related debt (this valuation disregards the principal family home and up to two hectares of surrounding land). The limit is currently set at \$598 000 in 2011 for most families and is indexed each year.

Further, a 75 per cent discount is applied when assessing business assets, including farm assets.

Families in drought affected areas who are in possession of a drought relief exceptional circumstances certificate, in receipt of the Exceptional Circumstances Relief Payment, and receiving a payment under the Farm Household Support Act 1992, are also exempted from the application of the Parental Income and Assets Tests for student income support payments.