



# Youth Allowance

FACTSHEET 11

## STUDENT INCOME SUPPORT—INCREASED ASSISTANCE FOR STUDENTS AND FAMILIES

The Australian Government is proposing a package of reforms to student income support which, subject to the passage of legislation, aims to increase the levels of assistance payable to students and families and expand eligibility to support for families. This increased support would ensure that students from low income backgrounds, including those from rural and regional areas and Indigenous students are able to access support to participate in education and training, including higher education.

### How will students and families benefit?

A key component of the proposed reforms is an increase in the Parental Income Test (PIT) threshold for access to the maximum rate of Youth Allowance or ABSTUDY (\$32,800 in 2009) to align with the Family Tax Benefit A (FTB) income test (\$44,165). The way that income support reduces as parental income increases would also change from the current 25 percent per child taper rate to a 20 percent per family taper. This means that parental income test cut out points for access to at least some payment would be significantly higher and many families would be able to access support for the first time.

A family where two children aged 19 and 23 have had to move to study at university would be able to receive some Youth Allowance up to a parental income of \$140,729, a potential increase from the current comparable parental income cut out point of \$79,117. In addition, many young people and families already receiving support would receive higher levels of payment. Further information is available in Fact Sheet 2, Student Income Support - Parental Income Test.

Students who have to move from home to study may also be eligible for Rent Assistance. As Rent Assistance is withdrawn after the basic rate of student income support has tapered out, students from families above the parental income cut out point may still be able to receive some Rent Assistance. For instance, a family where two children aged 19 and 23 have had to move to study at university and are renting privately will potentially be able to receive some Rent Assistance up to a parental income of \$169,641.

According to the Household Income and Labour Dynamics of Australia Survey 91 percent of all households have an income below this level.

In addition, subject to the passage of legislation, all university students receiving income support through Youth Allowance, Austudy or ABSTUDY would be entitled to an annual Student Start-up Scholarship valued at \$1434 per annum in 2010, increasing to over \$2,254 in 2011 (indexed annually). This compares to the current system where around 14 percent of commencing university students receiving Youth Allowance and Austudy received a Commonwealth Education Costs Scholarship in 2009. Subject to the passage of the legislation, over 150 000 Student Start-Up Scholarships will be offered in 2010 - up from the 12,900 Commonwealth Education Costs Scholarships that would have been offered to commencing students under the previous system. Further information is available in Fact Sheet 4, Student Income Support - the Student Start-up Scholarship.

University students receiving Youth Allowance or ABSTUDY as dependants and who need to live away from the family home for study will also be assisted by a proposed new Relocation Scholarship of \$4,000 in the first year and \$1,000 in subsequent years (indexed annually). This scholarship is in addition to the annual Student Start-Up Scholarship of over \$2,254 in 2011. This means that from 2011, subject to the passage of the legislation, in total scholarship payments, a student receiving a Relocation Scholarship will potentially receive over \$6,254 for their first year and over \$3,254 for their second and subsequent years. This compares with the old Commonwealth Accommodation Scholarship which was valued at \$4,415 per year in 2009.

Under current arrangements, Commonwealth Accommodation Scholarships are limited in number and only around 9 percent of commencing students receiving Youth Allowance and Austudy received this scholarship in 2009. The proposed Relocation Scholarship will be an entitlement with all eligible students receiving a place. Subject to the passage of the legislation, it is estimated that around 14,200 scholarships would be offered in 2010, a 75 percent increase on the number

of Commonwealth Accommodation Scholarships which were to be offered.

However, as Relocation Scholarships are not limited in number, if more eligible applicants apply for this scholarship there will be more scholarships distributed.

Fact Sheet 5, Student Income Support – Relocation Scholarship provides additional information on the Relocation Scholarship, including eligibility information.

## How much Youth Allowance or ABSTUDY will families and young people potentially receive?

The tables below compare the amounts of Youth Allowance and ABSTUDY that may be paid to families under the proposed new arrangements, with current arrangements, for a range of family types. Rent Assistance amounts that may be paid to students living away from home in private accommodation are also listed against different levels of parental income. The maximum rate of Rent Assistance is paid to people paying rent above minimum thresholds and is currently \$111.20 per fortnight. [See [www.centrelink.gov.au](http://www.centrelink.gov.au) for more information.]

Table 1 illustrates current income support arrangements where the PIT for maximum payment is \$32,800 (in 2009) and the 25 percent per child taper applies.

Table 2 illustrates the income support that will potentially be available to these family types under the proposed arrangements with the PIT set at \$44,165 and a 20 percent family taper.

Table 3 illustrates the support that will be available to these family types under the proposed arrangements, with the PIT increased to \$44,165 and including the value of the two proposed new scholarships, the Student Start-up Scholarship (valued at \$2254, indexed, from 2011) and the Relocation Scholarship, apportioned on a fortnightly basis. These scholarships will be entitlements, meaning that all eligible students would be able to receive a scholarship whereas in the past most university students on student income support were unable to access a scholarship. Where relevant, amounts of Rent Assistance that may also be paid are separately identified. Each labelled family type in Table 3 corresponds to the equivalent graph.

**Table 1: Under the Current Arrangements—Dependent Students**

Fortnightly Income Support Payment with Rent Assistance (RA) where payable*						
Parental Income [1]	1 Student Living At Home Aged 18yrs	1 Student Away From Home 18+ yrs [2]		2 Students Living At Home 18+ yrs	2 Students Away From Home 18+yrs [2]	
		Basic Rate	RA		Basic Rate	RA
\$32,800	\$244.40	\$371.40	\$111.20	\$488.80	\$742.80	\$222.40
\$36,592	\$208.04	\$335.04	\$111.20	\$488.80	\$742.80	\$222.40
\$40,000	\$175.36	\$302.36	\$111.20	\$423.44	\$742.80	\$222.40
\$40,385	\$171.67	\$298.67	\$111.20	\$416.06	\$742.80	\$222.40
\$42,559	\$150.82	\$277.82	\$111.20	\$374.36	\$701.11	\$222.40
\$44,165	\$135.38	\$262.38	\$111.20	\$343.48	\$670.23	\$222.40
\$50,000	\$79.47	\$206.47	\$111.20	\$231.66	\$558.40	\$222.40
\$58,288	\$0.00	\$126.99	\$111.20	\$72.71	\$399.45	\$222.40
\$60,000		\$110.58	\$111.20	\$39.88	\$366.62	\$222.40
\$62,080		\$90.64	\$111.20	\$0.00	\$326.74	\$222.40
\$70,000		\$14.69	\$111.20		\$174.84	\$222.40
\$71,532		\$0.00	\$111.20		\$145.47	\$222.40
\$79,117			\$38.47		\$0.00	\$222.40
\$80,000			\$30.00			\$205.46
\$83,128			\$0.00			\$145.47
\$90,000						\$13.68
\$90,575						\$0.00

**NOTES:**

\* Calculations are based on the 2009 parental income threshold of \$32,800

- [1] All calculations are based on parental income and assume no personal income for the student. Parental and personal assets may affect entitlements. Cut out points are calculated on the basis of 26 fortnights in a year and may be up to \$780 higher for families where a Youth Allowance or ABSTUDY recipient also gets Pharmaceutical Allowance, which is a \$6 per fortnight supplement that may be paid during periods of temporary incapacity.
- [2] 'Away from home' scenarios assume that Rent Assistance is payable as a supplement to the basic rate of Youth Allowance/ABSTUDY. The maximum rate of Rent Assistance is \$111.20 per fortnight.

**Table 2: Under the New Arrangements from 1 January 2010—Dependent Students**

Fortnightly Income Support Payment with Rent Assistance (RA) where payable*						
Parental Income (1)	1 Student Living At Home Aged 18+yrs	1 Student Away From Home 18+ yrs (2)		2 Students Living At Home 18+ yrs	2 Students Away From Home 18+yrs (2)	
		Basic Rate	RA		Basic Rate	RA
\$44,165	\$244.40	\$371.40	\$111.20	\$488.80	\$742.80	\$222.40
\$50,000	\$199.52	\$326.52	\$111.20	\$443.92	\$697.92	\$222.40
\$60,000	\$122.59	\$249.59	\$111.20	\$366.99	\$620.99	\$222.40
\$70,000	\$45.67	\$172.67	\$111.20	\$290.07	\$544.07	\$222.40
\$75,937	\$0.00	\$127.00	\$111.20	\$244.40	\$498.40	\$222.40
\$80,000		\$95.75	\$111.20	\$213.15	\$467.15	\$222.40
\$90,000		\$18.82	\$111.20	\$136.22	\$390.22	\$222.40
\$92,447		\$0.00	\$111.20	\$117.40	\$371.40	\$222.40
\$100,000			\$53.10	\$59.30	\$313.30	\$222.40
\$106,903			\$0.00	\$6.20	\$260.20	\$222.40
\$107,709				\$0.00	\$254.00	\$222.40
\$110,000					\$236.38	\$222.40
\$120,000					\$159.45	\$222.40
\$130,000					\$82.53	\$222.40
\$140,000					\$5.61	\$222.40
\$140,729					\$0.00	\$222.40
\$150,000						\$151.08
\$160,000						\$74.16
\$169,641						\$0.00

**NOTES:**

\* Calculations are based on 2009 payment rates

(1) All calculations are based on parental income and assume no personal income for the student. Parental and personal assets may affect entitlements. Cut out points may be up to \$780 higher for families where a Youth Allowance or ABSTUDY recipient also gets Pharmaceutical Allowance, which is a \$6 per fortnight supplement that may be paid during periods of temporary incapacity

(2) 'Away from home' scenarios assume that Rent Assistance is payable as a supplement to the basic rate of Youth Allowance/ABSTUDY. The maximum rate of Rent Assistance is currently \$111.20 per fortnight. Rent Assistance is adjusted on 20 March and 20 September each year in line with the consumer price index (CPI).

**Table 3: Fortnightly Payments to Families under the New Arrangements  
(including Youth Allowance/ABSTUDY and the new scholarships as fortnightly equivalents)**

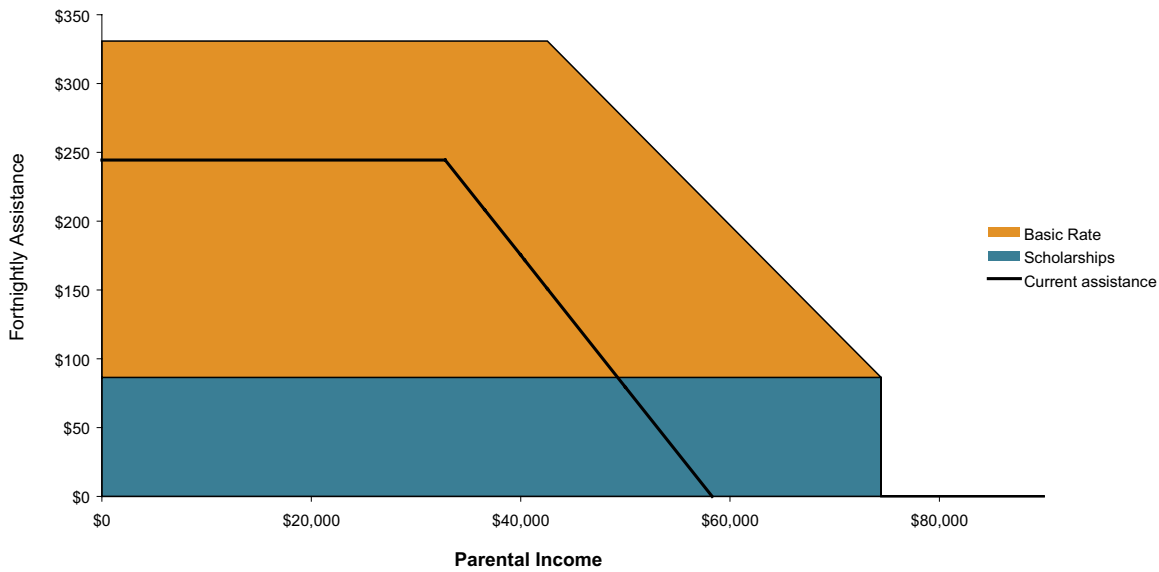
Fortnightly Youth Allowance Payment with Annual Scholarships and Relocation Allowance plus Rent Assistance (RA) where payable*						
Parental Income (1)	1 Student Living At Home Aged 18+yrs (2)	1 Student Away From Home 18+yrs (3)		2 Students Living At Home 18+ yrs (4)	2 Students Away From Home 18+yrs (5)	
		Basic Rate +Scholarship	RA		Basic Rate +Scholarship	RA
\$44,165	\$330.85	\$611.28	\$111.20	\$661.71	\$1,107.49	\$222.40
\$50,000	\$285.97	\$566.39	\$111.20	\$616.82	\$1,062.61	\$222.40
\$60,000	\$209.05	\$489.47	\$111.20	\$539.90	\$985.68	\$222.40
\$70,000	\$132.12	\$412.55	\$111.20	\$462.98	\$908.76	\$222.40
\$75,937	\$0.00	\$366.88	\$111.20	\$417.31	\$863.09	\$222.40
\$80,000		\$335.63	\$111.20	\$386.06	\$831.84	\$222.40
\$90,000		\$258.70	\$111.20	\$309.13	\$754.91	\$222.40
\$92,447		\$0.00	\$111.20	\$290.31	\$736.09	\$222.40
\$100,000			\$53.10	\$232.21	\$677.99	\$222.40
\$106,903			\$0.00	\$179.11	\$624.89	\$222.40
\$107,709				\$0.00	\$618.69	\$222.40
\$110,000					\$601.07	\$222.40
\$120,000					\$524.14	\$222.40
\$130,000					\$447.22	\$222.40
\$140,000					\$370.30	\$222.40
\$140,729					\$0.00	\$222.40
\$150,000						\$151.08
\$160,000						\$74.16
\$169,641						\$0.00

**NOTES:**

\* Calculations are based on 2009 payment rates

- (1) All calculations are based on parental income and assume no personal income for the student. Parental and personal assets may affect entitlements. Cut out points are calculated on the basis of 26 fortnights in a year and may be up to \$780 higher for families where a Youth Allowance or ABSTUDY recipient also gets Pharmaceutical Allowance, which is a \$6 per fortnight supplement that may be paid during periods of temporary incapacity.
- (2) At university; includes fortnightly equivalent of the annual Student Start-up Scholarship.
- (3) At university as a commencing student; includes fortnightly equivalent of the annual Start-Up Scholarship and the \$4000 Relocation Scholarship. Rent Assistance may be paid if in private rental accommodation and is separately identified.
- (4) Both at university, both receiving the fortnightly equivalent of the Student Start-up Scholarship.
- (5) Both at university, one commencing and the other continuing; includes fortnightly equivalent of the Student Start-Up Scholarships, a \$4000 Relocation Scholarship and a \$1000 Relocation Scholarship. Rent Assistance may be paid if in private rental accommodation and is separately identified.

**1 Dependent University Student, Living At Home, Aged 18 yrs or over, receiving Youth Allowance**  
 Comparison of New and Current Assistance



**Potential Scenario:** at university; new assistance includes fortnightly equivalent of the Student Start-up Scholarship (valued at \$2254, indexed, from 2011). Current assistance does not include the Commonwealth Education Costs Scholarship as it is not an entitlement.

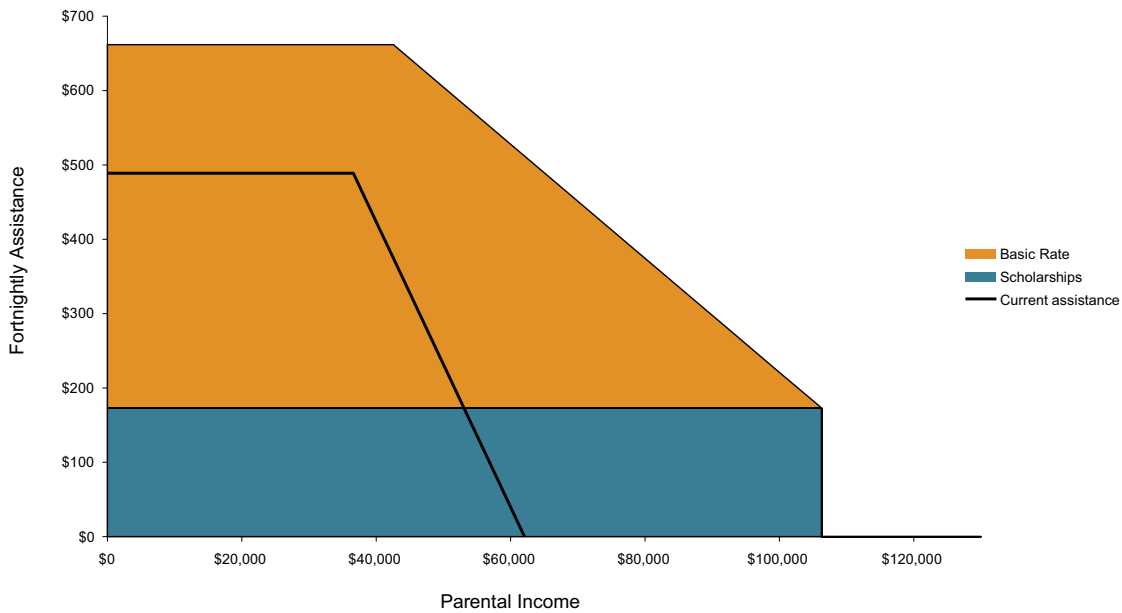
**1 Dependent University Student, Living Away from Home, Aged 18 yrs or over, receiving Youth Allowance**  
 Comparison of New and Current Assistance



**Potential Scenario:** at university as a commencing student; new assistance includes fortnightly equivalent of the Student Start-up Scholarship (valued at \$2254, indexed, from 2011) and a \$4000 Relocation Scholarship. Current assistance includes amounts of Rent Assistance that may be paid, but not the Commonwealth Education Costs Scholarship nor the Commonwealth Accommodation Scholarship as these are not entitlements.

## 2 Dependent University Students, Living At Home, 18 yrs or over, receiving Youth Allowance

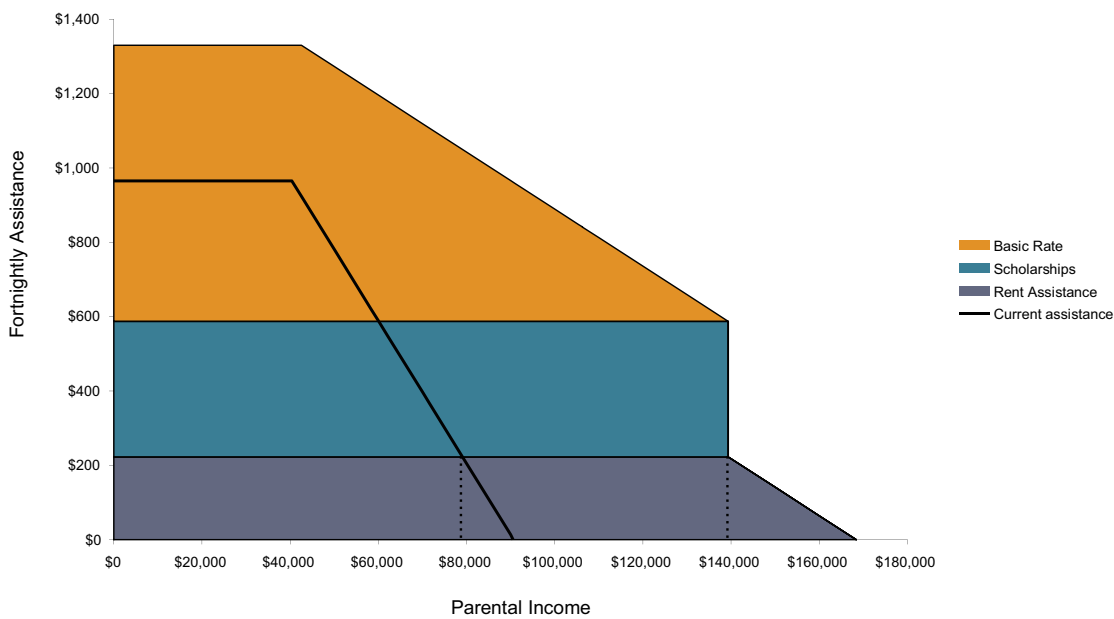
### Comparison of New and Current Assistance



**Potential Scenario:** at university; new assistance includes fortnightly equivalent of the Student Start-up Scholarship (valued at \$2254, indexed, from 2011). Current assistance does not include the Commonwealth Education Costs Scholarship as it is not an entitlement.

## 2 Dependent University Students, Living Away From Home, 18 yrs or over, receiving Youth Allowance

### Comparison of New and Current Assistance



**Potential Scenario:** at university one as a commencing student, the other as a continuing student; new assistance includes fortnightly equivalent of the Student Start-up Scholarship (valued at \$2254, indexed, from 2011), a \$4000 Relocation Scholarship for one student and a \$1000 Relocation Scholarship for the other. Current assistance includes amounts of Rent Assistance that may be paid, but not the Commonwealth Education Costs Scholarship nor the Commonwealth Accommodation Scholarship as these are not entitlements.

## Additional Student Income Support Benefits

In addition to their Youth Allowance or ABSTUDY payments, eligible university students living away from home to study are also entitled to additional benefits. The full package of benefits for a single, full-time university student on Youth Allowance or ABSTUDY without dependent children will include the following:

	Additional Benefits on top of Youth Allowance/ABSTUDY*	Amount	Payment Arrangements
New from 1 January 2010	Student Start-up Scholarship	\$1434 in 2010 increasing to over \$2254 in 2011	Two instalments each year, equivalent to roughly \$87 per fortnight in 2011
	Relocation Scholarship	\$4000	Paid in first year of study, equivalent to \$154 per fortnight
		\$1000	Paid in each following year of study, equivalent to \$38 per fortnight
Continuing	Rent Assistance	\$111.20	Maximum rate if rent is above minimum thresholds, paid fortnightly
	Pharmaceutical Allowance	\$6.00	Fortnightly rate, paid fortnightly
	Fares Allowance	Variable	Variable
	Remote Area Allowance	\$18.20 for singles \$15.60 for each member of a couple Plus \$7.30 for each dependant	A fortnightly payment to income support recipients who live in remote areas for minimum periods of the year (linked to living in Tax Zones A and B).
	Health Care Card	Variable	Variable

\* Further information on different supplementary payments (including payment adjustment and review arrangements) can be found in the 'Guide to Australian Payments' at [www.centrelink.gov.au](http://www.centrelink.gov.au)