



Youth Allowance

STUDENT INCOME SUPPORT—AGE OF INDEPENDENCE

The Rudd Government will reduce the age of independence, from the current 25 years to 22 years, with phased implementation of the measure so that the age of independence would be reduced to 24 years in 2010, 23 years in 2011 and 22 years in 2012.

The cost of this measure is \$98.7 million over four years.

Who will benefit?

This measure will benefit 760 new recipients and 1 100 existing recipients receiving higher payments in 2010, increasing to 2 750 new recipients and 4 400 existing recipients in 2011, and to 7 600 new recipients and 12 100 existing recipients in 2012.

This measure is part of the reforms to the student income support system which aim to ensure that financial barriers to the participation of students from low socio economic backgrounds are removed. The reforms will provide better support for those who need it most. The reforms are critical to meeting the Government's target of 20 per cent of higher education enrolments at undergraduate level being students from low socio-economic backgrounds by 2020.

What will this measure deliver?

This measure seeks to ensure equitable access and adequacy of student income support payments to those in greatest need based on their family circumstances and recognise the increasing self-sufficiency of young people as they mature in line with international and community standards.

This measure only applies to students on income support, including Youth Allowance and ABSTUDY.

Phased implementation of the measure reduces the age of independence to 24 years in 2010, 23 years in 2011 and 22 years in 2012.

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.



Youth Allowance

STUDENT INCOME SUPPORT—EXEMPT EQUITY AND MERIT BASED SCHOLARSHIPS

The Rudd Government will align the treatment of equity and merit-based scholarships under the social security means tests with that of the Commonwealth Scholarships.

Commencing 1 January 2010, equity and merit-based scholarships will be exempted from being treated as assessable income for means testing under the Social Security Act 1991, up to the equivalent combined value of the Commonwealth Education Costs Scholarship and the Commonwealth Accommodation Scholarship, valued at \$6,762 in 2010. Scholarship amounts in excess of this value would continue to be subject to means testing.

The cost of this measure is \$9.1 million over four years.

Who will benefit?

This measure will benefit around 3500 students who currently lose some portion of their income support payment as a result of receiving an equity or merit-based scholarship.

The initiative is part of the reforms to the student income support system which aim to ensure that financial barriers to the participation of students from low socio-economic backgrounds are removed. The reforms will provide better support for those who need it most.

What will this measure deliver?

This measure seeks to ensure equal treatment, for income support means testing purposes, of students who receive an equity or merit-based scholarship awarded by universities and other organisations.

Universities and philanthropic bodies are expected to welcome the measure as scholarship holders who are also receiving income support will be treated more equitably.

This measure applies to eligible students receiving or applying for income support payments, including Youth Allowance, Austudy, ABSTUDY and the Disability Support Pension.

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.



Youth Allowance

STUDENT INCOME SUPPORT—INCREASED ASSISTANCE FOR STUDENTS AND FAMILIES

The Rudd Government has introduced a package of reforms to student income support which will increase the levels of assistance payable to students and families and expand eligibility to support for families that need it most. This increased support will ensure that students from low income backgrounds, including those from rural and regional areas and Indigenous students are able to access the support they need to participate in education and training, including higher education.

How will students and families benefit?

A key component of the reforms is an increase in the Parental Income Test (PIT) threshold for access to the maximum rate of Youth Allowance or ABSTUDY (currently \$32,800) to align with the Family Tax Benefit A (FTB) income test (\$44,165). The way that income support reduces as parental income increases is also changing from the current 25 percent per child taper rate to a 20 percent per family taper. This means that from 1 January 2010 parental income test cut out points for access to at least some payment will be significantly higher and many families will 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 will now be able to receive some Youth Allowance up to a parental income of \$140,729. This is up from the current comparable parental income cut out point of \$79,117. In addition, many young people and families already receiving support will receive higher levels of payment. Further information is available in the Parental Income Test Fact Sheet 2.

Students who have to move from home to study may also be eligible for Rent Assistance which is withdrawn after the basic rate of student income support has tapered out. This means that 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 now 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, from 1 January 2010, all university students receiving income support through Youth Allowance, Austudy or ABSTUDY will be entitled to an annual Student Start-up Scholarship of \$2,254 (indexed in subsequent years). 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. It is estimated that 146,600 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 the Student Start-up Scholarship Fact Sheet 4.

From 1 January 2010 university students receiving Youth Allowance or ABSTUDY as dependants and who have to live away from the family home for study will also be assisted by a Relocation Scholarship of \$4,000 in the first year and \$1,000 in subsequent years (indexed thereafter). This scholarship is in addition to the annual Student Start-Up Scholarship of \$2,254. This means that in total, a student receiving a Relocation Scholarship will receive \$6,254 for their first year and \$3,254 for their second and subsequent years. This compares with the old Commonwealth Accommodation Scholarship which was worth \$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 new Relocation Scholarship will be an entitlement with all eligible students receiving a place. It is estimated that around 14,200 scholarships will 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.

The Relocation Scholarship Fact Sheet 5 provides additional information on the Relocation Scholarship, including eligibility information.

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

The tables below compare the amounts of Youth Allowance and ABSTUDY that may be paid to families under the 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 for more information)

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

Table 2 illustrates the income support that will be available to these family types under the new arrangements from 1 January 2010 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 new arrangements, with the PIT increased to \$44,165 and including the value of the two new scholarships, the Student Start-up Scholarship and the Relocation Scholarship, apportioned on a fortnightly basis. These scholarships will be entitlements, meaning that all eligible students will 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:

- (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:

- (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).

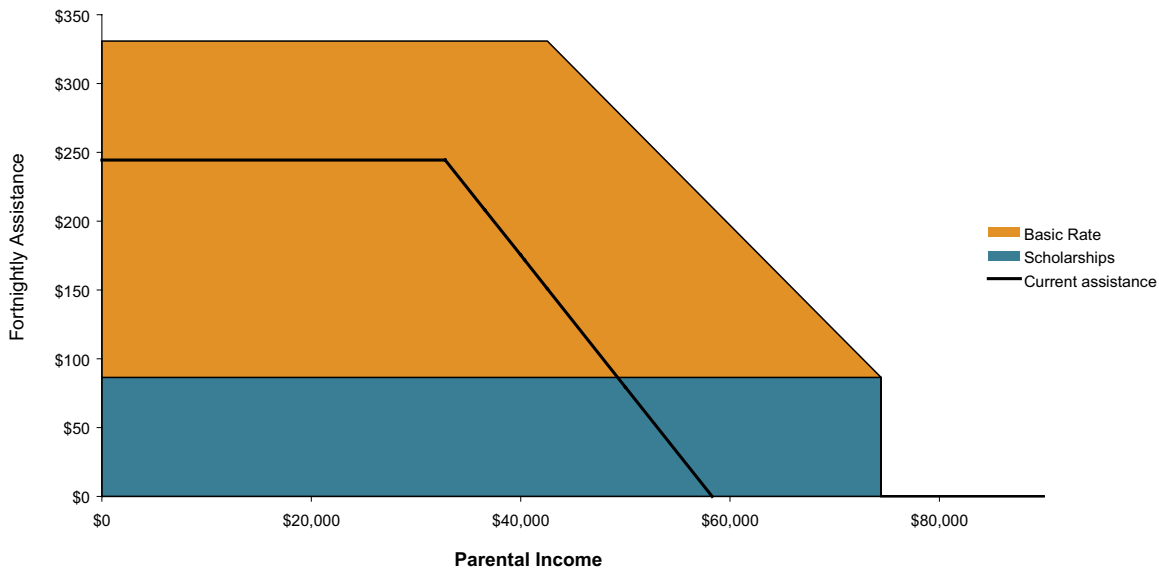
**Table 3: Fortnightly Payments to Families under the New Arrangements
(including Youth Allowance/ABSTUDY and the new scholarships as fortnightly equivalents)**

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:

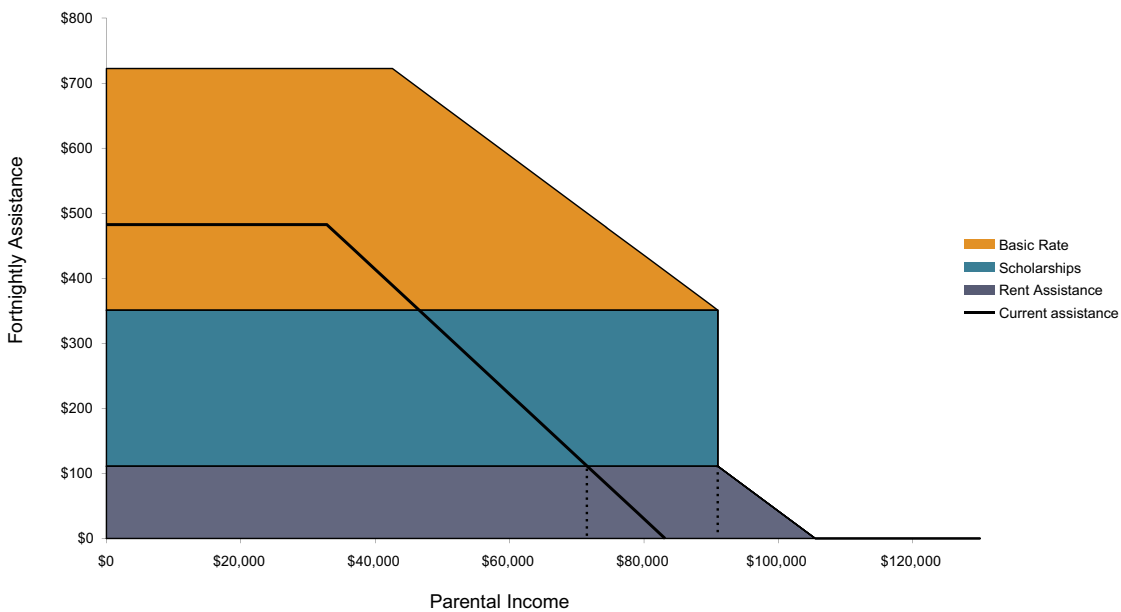
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- (2) At university; includes fortnightly equivalent of the annual Student Start-up Scholarship.
- (3) At university as a commencing student; includes fortnightly equivalent of the annual Start-Up Scholarship and the \$4000 Relocation Scholarship. 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



Scenario: at university; new assistance includes fortnightly equivalent of the Student Start-up Scholarship. Current assistance does not include the Commonwealth Education Costs Scholarship as it is not an entitlement.

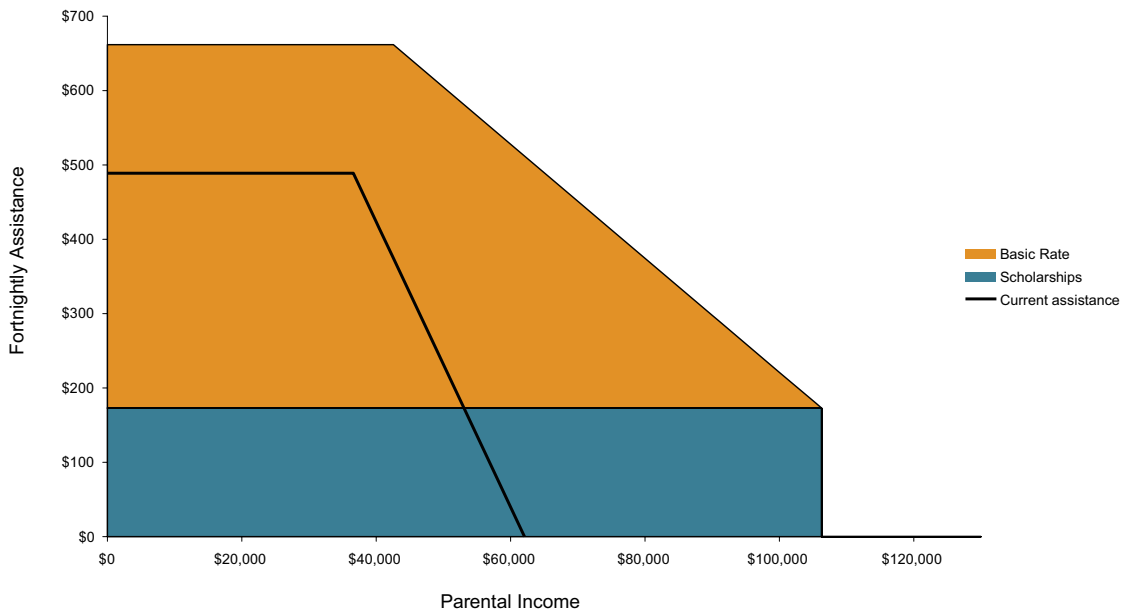
1 Dependent University Student, Living Away from Home, Aged 18 yrs or over, receiving Youth Allowance
 Comparison of New and Current Assistance



Scenario: at university as a commencing student; new assistance includes fortnightly equivalent of the Student Start-up Scholarship 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

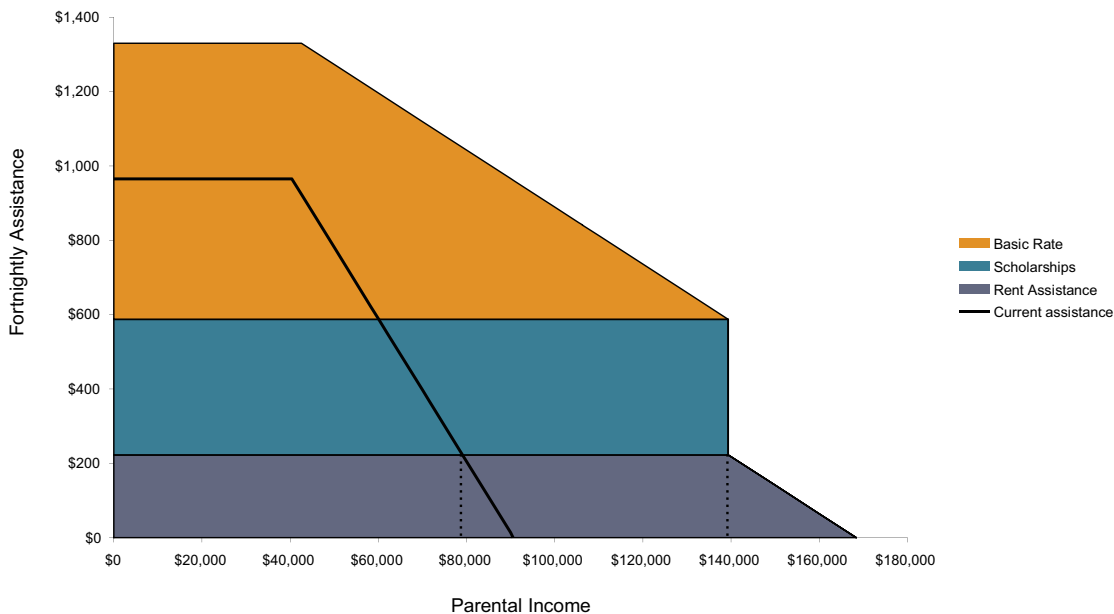
Comparison of New and Current Assistance



Scenario: at university; new assistance includes fortnightly equivalent of the Student Start-up Scholarship. 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



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, 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, an eligible university student who is living away from home to study will also be 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	\$2254	Two instalments each year, equivalent to roughly \$87 per fortnight
	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.centreflink.gov.au



Youth Allowance

STUDENT INCOME SUPPORT—RELOCATION SCHOLARSHIP

University students receiving Youth Allowance and ABSTUDY who have to live away from the family home for study will be assisted by a Relocation Scholarship. This will be available to dependent students living away from home as well as independent students who are disadvantaged by personal circumstances. This measure will take effect from 1 January 2010.

The Relocation Scholarship will provide \$4000 for students in their first year at university and \$1000 in each year thereafter and will be indexed. It will replace the Commonwealth Accommodation Scholarship (CAS) for new students, while existing CAS recipients will be 'grandfathered'.

The cost of the measure is \$193.2 million over four years.

Removing financial barriers

The Relocation Scholarship will assist students with the cost of establishing new accommodation in order to attend university. Its objective is to remove financial barriers to the educational participation of students from low socio-economic status (SES) backgrounds, particularly those from regional and remote areas and Indigenous students.

This measure is tightly targeted and improves support for students who need it most. It is critical to meeting the Government's target of 20 per cent of higher education enrolments at undergraduate level being students from low SES backgrounds by 2020.

An estimated 14 200 students will benefit from this measure in 2010, rising to 28 700 by 2013. This compares with the 3571 Commonwealth Accommodation Scholarships allocated in 2007 for commencing students under the previous system and the 8100 allocated in 2010 as a result of the Rudd Government's commitment to double the number of Commonwealth Scholarships by 2012.

What this measure will deliver?

This measure allows disadvantaged university students to receive \$4000 on commencement of their course and \$1000 for each year thereafter for up to four years.

The Scholarship will be administered by Centrelink, linking the provision of scholarship benefits to university students receiving income support payments.

The Scholarship will only be available to university students on income support, including Youth Allowance and ABSTUDY, and university students who are assisted under veterans' schemes.

Next steps

This measure will be legislated in 2009 and guidelines updated as appropriate. Required modifications to Centrelink systems are expected to be completed by December 2009.



Youth Allowance

STUDENT INCOME SUPPORT—INFORMATION FOR RURAL STUDENTS

Key elements of the Government’s response to the Bradley Higher Education Review 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.

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

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

The package of student income support reforms will progressively lower the age of independence to 24 years in 2010, 23 in 2011 and 22 years in 2012 to ensure that the age of independence accurately reflects when individuals become independent of their parents.

Changes to the Parental Income Test will reduce financial barriers for dependent rural students

Around 68 000 extra dependent young people will gain access to Youth Allowance or ABSTUDY through a more generous Parental Income Test threshold and around 34 600 will receive a higher rate of payment as a result of the Government’s changes to the parental income test.

From 1 January 2010, rural students with parents earning up to \$44 165 will receive the maximum rate of payment (up from the current threshold of \$32 800). Youth Allowance or ABSTUDY payments will only start to reduce for parental incomes above this threshold, with many rural students able to receive some Youth Allowance or ABSTUDY payment up to a much higher income cut-out point, based on their family circumstances.

The 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 Points

Family Situation: Number of children on Youth Allowance by Age	Parental Income Cut-out Points	
	Current Arrangements	New Arrangements
1 Child aged 18 at home	\$58,288	\$75,937
1 Child aged 18 away from home	\$71,532	\$92,447
2 Children aged 16 and 17 at home	\$57,794	\$97,023
2 Children aged 18 and 20 at home	\$62,080	\$107,709
2 Children aged 17 and 21 away from home ¹	\$75,324	\$140,729
2 Children aged 19 and 23 away from home	\$79,117	\$140,729

NOTE:

1. Assumes 17 year old at school and 21 year old at university

The Independence criterion will be tightened to better reflect actual circumstances

The Bradley Review found that student income support was poorly targeted. It found that 36 per cent of independent students living at home were from families with incomes above \$100 000. The same survey estimated that 18 per cent of students in this situation came from families earning incomes above \$150 000 and 10 per cent came from families earning above \$200 000.

The Government has made the tough decision to tighten the eligibility criterion for independence to ensure that support is available to students who need it most, including rural and regional students.

As a result most students will receive access to student income support through the parental income test and the independence criterion will be limited to students who have demonstrated their independence through either personal circumstances or full time attachment to the labour force.

Students who work for 30 hours per week for at least 18 months during a two year period will still be considered to be financially independent from their parents.

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 will qualify as dependants under the much more generous provisions of the new parental income test.

In addition, transitional arrangements announced on 26 August 2009 will allow current 'gap year' students the opportunity to qualify through the existing workforce

participation criterion for independence by 30 June 2010, if they completed school in 2008, are taking a 'gap year' in 2009, commence their university course early in 2010 and need to move away from home to do so.

The new transitional arrangements for 'gap year' students will be of particular benefit to students from rural and regional areas.

Rural students receiving student income support will get more help

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

All university students receiving student income support will be entitled to the new annual **Student Start-up Scholarship**, valued \$2254 in 2010, which is equivalent to the value of the old Commonwealth Education Costs Scholarship (CECS) (except for those already receiving a CECS). Students will receive the Student Start-up Scholarship for each year they receive student income support while studying at university. This change will benefit 146 600 students in 2010, compared with the 5120 allocated for commencing students in 2007 under the old system and the 12 900 that was allocated for 2010 as a result of the Rudd Government's commitment to double the number of Commonwealth Scholarships by 2012.

Table 2 shows that 133 700 more students will receive a scholarship in 2010 to assist with their course-related expenditure than under current arrangements.

Table 2: Numbers of additional scholarships in 2010 for education costs

Year	New CECS Forecast*	Total Student Start-up Scholarships Offered	Grandfathered CECS Recipients#	Total Start-up Scholarships and CECS for 2010	Increase over previous CECS Allocation
2010	12,900	146,600	20,345	166,945	133,700

* Expected grants to new university students in 2010, if not for the closure of this program to new entrants and its replacement by the Start-Up Scholarship.

Continuing university students who will continue to receive a CECS under grandfathering arrangements.

In the past, the number of CECS available fell well short of student demand. University students will have an automatic entitlement to the Student Start-up Scholarship if they qualify for an income support payment—Youth Allowance, Austudy or ABSTUDY. The number of Start-up Scholarships will continue to grow and is expected to reach 172 600 students by 2013.

Rural and regional students who have to move away from home to attend university may also be eligible for a **Relocation Scholarship** of \$4000 in the first year and \$1000 in subsequent years. They may also receive Rent Assistance to assist with the cost of private rental, including university college accommodation.

Many more students will receive scholarships to assist with the costs of accommodation than under the current Commonwealth Accommodation Scholarships (CAS) arrangements. There will be 14 200 of Relocation Scholarships accessed in 2010, rising to 28 700 by 2013. This compares with the 3571 Commonwealth Accommodation Scholarships allocated in 2007 for commencing students under the previous system and the 8100 allocated in 2010 as a result of the

Rudd Government's commitment to double the number of Commonwealth Scholarships by 2012.

Table 3 shows that 6100 more students will receive a scholarship in 2010 to assist with the costs of establishing accommodation away from the family home.

Students will receive this on top of the new Student Start-up Scholarship.

Table 3: Numbers of additional scholarships in 2010 for accommodation/relocation

Year	New CAS Forecast*	Total Relocation Scholarships Offered	Grandfathered CAS Recipients#	Total Relocation Scholarships and CAS for 2010	Increase over previous CAS Allocation
2010	8,100	14,200	13,633	27,833	6,100

* Expected grants to new university students in 2010, if not for the closure of this program to new entrants and its replacement by the Start-Up Scholarship.

Continuing university students who will continue to receive a CAS under grandfathering arrangements.

The Relocation Scholarship replaces the CAS and supports university students who have to move away from home to study, or who cannot live at home because of family circumstances and particular disadvantage, by providing assistance with the costs of establishing accommodation.

The new Student Start-up Scholarships and the new Relocation Scholarships introduce flexibility for students in determining which university they attend and which course they study. The new scholarships will also be paid on a more timely basis as payment attaches to enrolment and will be delivered through Centrelink.

Other benefits attaching 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 principle family home and up to two hectares of surrounding land). The limit is currently set at \$571 500 for most families and is indexed each year.

Further, a 75 per cent discount is applied when assessing business assets, including farm assets. This means that Youth Allowance and ABSTUDY can be received by dependent young people from small business and farming families with assets up to the value of \$2.286 million.

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.

Table 4 provides some scenarios indicating the amount of Youth Allowance payable per fortnight and includes the equivalent fortnightly amount provided through scholarships at different family income points. The second half of the table reflects the gain in value provided through the student income support reforms over and above previous student income support arrangements.

Table 4: Family Scenarios for Parental Incomes of \$60,000, \$80,000 and \$100,000:

1. Actual financial assistance per fortnight from student income support under new arrangements, including distributed scholarship value
2. Additional value of payment per fortnight gained from new arrangements over and above previous student income support settings

Number of dependent children on Youth Allowance and rate of payment ²	Family income		
	\$60,000	\$80,000	\$100,000
	1. Fortnightly equivalent value of payment (\$) ¹		
1 YA child aged 18 at home	209.05	0	0
1 YA child aged 18 away from home ³	489.47	335.63	0
2 children aged 18 and 20 at home	539.90	386.06	232.21
2 children aged 17 & 21 away from home ⁴	985.68	831.84	677.99
2 children aged 19 & 23 away from home ⁴	985.68	831.84	677.99
	2. Additional value of payment: fortnightly equivalent (\$) ¹		
1 YA child aged 18 at home	209.05	0	0
1 YA child aged 18 away from home ³	378.89	335.63	0
2 children aged 18 and 20 at home	500.02	386.06	232.21
2 children aged 17 & 21 away from home ⁴	619.06	831.84	677.99
2 children aged 19 & 23 away from home ⁴	619.06	831.84	677.99

NOTES:

1. Dollar amounts incorporate distributed fortnightly value of scholarships paid annually (Relocation Scholarship) or in twice yearly instalments (Student Start-up Scholarship). Scenarios are based on 2009 payment values for children attending university and receiving student income support payments plus scholarships attaching to the benefit. Scenarios are indicative and actual and final assessments will depend on individual circumstances. The scenarios exclude Rent Assistance, payable to students in private rental accommodation.
2. Under the new arrangements every university student receiving student income support will be eligible for the Student Start-up Scholarship (\$2,254 in 2010), payable as a twice yearly instalment. University students paid at the dependent away-from-home rate will receive the Relocation Allowance at the commencement of each year of their course. Commencing university students will receive \$4,000 and continuing students receive \$1,000.
3. For the one child aged 18 away-from-home scenario, it is assumed that the student is commencing at university.
4. For the two children living away from home scenario, it is assumed that one student is commencing their university studies and the other is continuing.



Youth Allowance

STUDENT INCOME SUPPORT—THE STUDENT START-UP SCHOLARSHIP

From 1 January 2010, all university students receiving income support will be entitled to an annual Student Start-up Scholarship of \$2254 in 2010 and indexed thereafter. This will include university students who are assisted under veterans' schemes.

The Student Start-up Scholarship will provide essential assistance to university students for the high up-front costs of textbooks and specialised equipment. All students receiving income support provided through Youth Allowance, Austudy and ABSTUDY will also receive the Student Start-up Scholarship. The Scholarship will be paid at the full value whether a student is receiving the maximum rate of payment or a part payment. It will be paid in two instalments, at the beginning of each semester, in each year of a student's course of study at university. The Student Start-up Scholarship will replace the current Commonwealth Education Costs Scholarships (CECS), while existing CECS recipients will be 'grandfathered'.

The Start-up Scholarships are estimated to benefit 146 600 students in 2010, compared with the 5,120 allocated for commencing students in 2007 under the old system and the 12,900 that was allocated for 2010 as a result of the Rudd Government's commitment to double the number of Commonwealth Scholarships by 2012. The number of Start-up Scholarships will continue to grow and is expected to be received by 172 600 students by 2013.

The Rudd Government will provide \$1259.6 million over four years to implement this measure.

Increasing participation

This Scholarship is a centrepiece of the reforms that will promote an increase in participation in higher education by students from low socio-economic status (SES) backgrounds, including those from regional and remote areas and Indigenous students, who may otherwise be discouraged by the high up-front costs of study.

Extension of the Commonwealth Scholarships program to all eligible students on Youth Allowance or Austudy is a key recommendation from the Bradley Review and supports the Government's broader 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.

The Student Start-up Scholarships will be paid by Centrelink in two instalments at the beginning of each semester together with students' income support payments. Transferring the administration of payments to Centrelink will extend the rigorous income support assessment process to scholarship entitlements and ensure students who are most in need receive the Student Start-up Scholarship as part of their student income support entitlement. It will also ensure students retain their Student Start-up Scholarship even if they transfer from one university to another university.

This enhanced support is critical to meeting the Government's target of 20 per cent of higher education enrolments at undergraduate level being students from low SES backgrounds by 2020.

What will this measure deliver?

The measure allows all university students receiving student income support to receive an annual Student Start-up Scholarship, valued at \$2254 in 2010, to assist with essential study costs. This is equivalent to an additional \$43 per week in 2010. Centrelink will issue payments in two instalments, one at the beginning of each semester.

This measure applies to all university students receiving income support, provided through Youth Allowance, Austudy and ABSTUDY.

This measure will take effect from 1 January 2010.

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.



Youth Allowance

Youth Allowance is changing to create a fairer system for more students and to ensure increased support for those who need it most.

The changes particularly benefit students who have to move away from home to study, rural and regional students, and students from low socio economic backgrounds.

More students will be eligible for Youth Allowance

Parental Income threshold raised

From 1 January 2010, the Parental Income Test (PIT) threshold for students to get the maximum rate of Youth Allowance (YA) or ABSTUDY will increase from \$32,800 to \$44,165. This means more students will be entitled to Youth Allowance, and many students already on Youth Allowance will receive more support.

Age of Independence lowered

The age of independence is changing from 25 to 22 years, meaning more students will be eligible for Youth Allowance. This will be phased in, so that the age of independence would be reduced to 24 years in 2010, 23 years in 2011 and 22 years in 2012.

This means that in 2012, 7 600 more students will be entitled to Youth Allowance and 12 100 students will receive higher payments.

Personal Income Test threshold raised

The personal income threshold will rise from \$236 to \$400 per fortnight so that students receiving support will be able earn up to \$400 per fortnight without having their payments reduced.

From 1 July 2012, 61,480 students receiving support will be able to keep more of their personal earnings.

Support for Masters Students

From 1 January 2012, students enrolled in all masters by coursework programs will be eligible to apply for Youth Allowance. This gives fairer access to student income support.

These changes could affect you. To discuss your situation, contact Centrelink on 13 2490.

The changes, which are subject to the passage of legislation, support the Australian Government's target that by 2025, 40 per cent of 25 to 34-year-olds will hold a bachelor degree or higher and will give more people a chance to go to receive Higher Education.

More students will receive scholarships

Student Start-Up Scholarship

All university students receiving student income support will receive a Student Start-up Scholarship for each year of their course. In 2010 this will be valued at \$2254. The Government estimates that 146 600 students will receive the annual Student Start up Scholarship next year. This represents an additional 133 700 scholarships on top of those allocated in the old program.

Relocation Scholarship

Eligible university students receiving student income support who have to relocate to study will receive a Relocation Scholarship of \$4000 in the first year and \$1000 in subsequent years to assist with their costs. Combined with the Student Start-Up Scholarship, this means they will get \$6254 in their first year of study and \$3254 in later years.

Increased support for the students who need it the most

Workforce Participation Criteria Changed

Effective from 1 January 2010, a young person will be required to work full time for a minimum of 30 hours a week for at least 18 months in a two-year period to be considered financially independent. This will ensure that support is targeted to students genuinely in need of assistance. No existing recipient will be disadvantaged by this change. Most students no longer eligible under the changed criterion will be automatically eligible as a result of the increased parental income test.

In addition, new transitional arrangements announced on 26 August 2009 will allow 2009 'gap year' students the opportunity to meet the existing workforce participation criterion for independence by 30 June 2010 if they have to move away from home to commence university in 2010.



Youth Allowance

STUDENT INCOME SUPPORT—WORKFORCE PARTICIPATION CRITERION

This measure tightens the criterion for establishing financial independence for Youth Allowance and ABSTUDY to target income support much more effectively to students from low income backgrounds, by removing the 2nd and 3rd elements of the workforce participation criterion for independence. This is in line with the recommendations of the Bradley Review which found that student income support was poorly targeted. These criteria have allowed some students from higher income backgrounds to access student income support following a period of at least 18 months' part-time work since leaving school.

This measure will result in savings of \$1819.9 million over four years which will be used to fund the reform package and expand eligibility through raising the parental income test and reduce the age of independence.

Removing financial barriers

This measure is part of the reforms to the student income support system which aim to ensure that financial barriers to the participation of students from low socio economic backgrounds are removed. The reforms aim to target support more effectively to those who need it most, including those from regional and remote areas and Indigenous students.

Around 30 700 prospective claimants are not expected to qualify in 2010 as independent recipients as a result of this change. In addition, 3600 existing dependent recipients will not qualify for a higher payment as independent students. It should be noted that most young people affected by this change may be eligible to receive Youth Allowance or ABSTUDY as a result of changes to the parental income test and the age of independence [see page 2 below for more information].

Further, all existing student income support recipients will be 'grandfathered' so that no existing recipient would be disadvantaged by this change.

In addition, transitional arrangements announced on 26 August 2009 will allow current 'gap year' students the opportunity to qualify through the existing workforce participation criterion for independence by 30 June 2010, if they completed school in 2008, are taking a 'gap year' in 2009, commence their university course early in 2010 and need to move away from home to do so.

The new transitional arrangements for 'gap year' students will be of particular benefit to students from rural and regional areas.

What will this measure deliver?

Students will no longer be able to achieve financial independence for Youth Allowance and ABSTUDY by meeting the 2nd and 3rd elements of the workforce participation criterion. These are:

- worked part-time for at least 15 hours a week for at least two years since leaving school; or,
- earned, in an 18-month period since leaving school, an amount equivalent to 75 per cent of the maximum rate of pay under Wage Level A of the Australian Pay and Classification Scale generally applicable to trainees (in 2009 this requires earnings of \$19 532).

However, the first element, employment of at least 30 hours per week for at least 18 months during any period of two years, will remain available, in recognition that young people who have established this work pattern are no longer financially dependent on their parents.

In addition to the above remaining workforce participation criterion, Youth Allowance will continue to recognise that some young people will establish independence through meeting the following individual circumstances:

- being married, or previously married, or living in a marriage-like relationship for at least 12 months; or

- having, or having had, a dependent child; or
- having parents who cannot exercise their responsibilities; or
- a situation that makes it “unreasonable to live at home” due to extreme family breakdown, violence in the home, or serious threats to health or wellbeing; or
- being a refugee, orphan or someone who cannot live at home; or
- being in state care; or
- being aged 18 and over, and having a work history but experiencing disadvantage in education or employment; or
- being assessed as having partial capacity to work (due to disability) as determined by a Job Capacity Assessment—job seekers only.

This measure applies to students on income support, including Youth Allowance and ABSTUDY. It also extends to recipients of Youth Allowance (other).

This measure will take effect from 1 January 2010.

Related measures that impact on eligibility for payments

Students who may previously have gained financial independence under Youth Allowance or ABSTUDY will no longer do so. However, as indicated above, many of these students will qualify as dependants under the much more generous provisions of the new Parental Income Test. The new income cut off points will rise substantially—for example, a student living at home aged 18 or more will be eligible to receive Youth Allowance with a family income of almost \$76 000. A student who is living away from home to attend an educational institution will be eligible for Youth Allowance with a family income of over \$92 000. With two children on Youth Allowance aged 18 and 20 at home, the family will receive support up to a family income of almost \$108 000. For more information, see the Fact Sheet on the Parental Income Test.

This means that many students who are no longer eligible for support through tightening of the workforce participation criterion will become automatically eligible as a result of increases to the parental income test.

In addition, more students will be eligible for student income support as a result of the progressive lowering of the Age of Independence, commencing with 24 years in 2010, 23 years in 2011 and 22 years in 2012.

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.



Youth Allowance

STUDENT INCOME SUPPORT—MASTERS BY COURSEWORK PROGRAMS

The Rudd Government will extend income support provided through Youth Allowance and Austudy to students enrolled in all Masters by coursework programs. Other eligibility requirements would remain the same as for students enrolled in lower level courses.

Effective from 1 January 2012, the measure will benefit approximately 6252 masters by coursework students in 2012–13.

The cost of this measure is \$72.7 million over two years.

Benefits

The measure ensures more equitable access to student income support and recognises the value of masters-level study for students from low-income backgrounds. Masters qualifications are increasingly required for entry to professional level employment.

The measure will help to boost overall skill levels in Australia by encouraging people to undertake masters by coursework degrees, including those degrees required for professional entry.

This initiative is part of the reforms to the student income support system which aim to ensure that financial barriers to the participation of students from low socio economic backgrounds are removed. It will enable these students to complete masters qualifications, increasingly required for entry to the workforce. Students will also be able to take advantage of restructured university course arrangements, a process which is accelerating in the higher education sector.

Students undertaking all Masters by coursework degrees will be able to test their eligibility for student income support.

This measure applies to students who are otherwise eligible for income support provided through Youth Allowance and Austudy.

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.



Youth Allowance

STUDENT INCOME SUPPORT— PERSONAL INCOME TEST THRESHOLD

This measure raises the personal income threshold from \$236 to \$400 per fortnight, so that students receiving income support payments provided through Youth Allowance, Austudy or ABSTUDY will be able earn up to \$400 per fortnight from part-time employment before their payments are reduced. Additionally, the personal income threshold will now be indexed according to the Consumer Price Index (CPI) for the first time.

The cost of this measure is \$287.3 million over three years.

Benefits

This measure will benefit approximately 61 480 students receiving student income support who have personal earnings from part-time work in excess of \$236 per fortnight.

This measure is one of the reforms to the student income support system which aim to ensure that financial barriers to the participation of students from low socio economic backgrounds are removed. The reforms aim to provide better support for those who need it most, including those from regional and remote areas and Indigenous students. They are critical to meeting the Government's target of 20 per cent of higher education enrolments at undergraduate level being students from low socio-economic backgrounds by 2020.

What this measure will deliver?

Student income support recipients will be able to earn up to \$400 per fortnight before their payments are reduced.

This measure only applies to students receiving income support, including Youth Allowance, Austudy and ABSTUDY.

This measure will take effect from 1 July 2012 and the threshold amount of \$400 will be indexed by the CPI thereafter.

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.