

The Australian Government has recently announced very significant changes to the *Student Income Support Bill* which will impact many Australian students. These changes will come into effect progressively between April 2010 and January 2012.

To support students and their families navigate their way through these changes, Mr Vince Callaghan and the Australian Scholarships Group (ASG) have summarised the changes below.

What is new in Government support?

Effective Date

Policy changes

April 2010

New Student Start Up Scholarships will come into effect and will be paid to students who are eligible for Youth Allowance, ABSTUDY and Austudy. The amount in 2010 is \$1300 (in two instalments of \$650 each). Then in 2011, the total amount is \$2128 (in two instalments of \$1064 each).

New Relocation Scholarships will be paid to students who are eligible for Youth Allowance and classified dependent under Centrelink rules. The amount is \$4000 for the first year of study and then \$1000 for each subsequent year.

Centrelink's independence age to reduce from 25 to 24 years. Being independent for Centrelink purposes means that a student's parents' combined income and assets are not taken into account when their entitlement to, and rate of pay, for Youth Allowance or ABSTUDY is being calculated.

Up to \$6762 of merit and equity scholarships will be exempt from being considered as earned income by Centrelink. Merit and equity scholarships are scholarships granted to students based on academic achievement and/or disadvantage. These are often non-government scholarships, most commonly granted by universities, local government authorities or professional organisations.

July 2010

The Parental Income threshold is increased to \$44,165. This means that dependent students will receive the maximum rate of Youth Allowance or ABSTUDY if their parent's income is less than this threshold amount.

New Workforce Participation Criteria, often known as the 'gap year', rules will apply for students under the Independence age of 24 to be recognised as Independent by Centrelink. This requires a student to have worked an average of 30 hours a week, for 18 months over a two-year period to be considered Independent by Centrelink. When Centrelink considers a student Independent, they will be assessed for the full rate of Youth Allowance, without taking their parent's income into consideration.

If a student is considered Independent by Centrelink and also need to move away from the family home to study because the family home is at least 90 minutes away from the place of study, then they may be eligible for the Away From Home rate, which is a higher rate of payment than the full Youth Allowance rate.

NOTE:

For students who completed their secondary studies in 2008 and took a gap year in 2009, transitional arrangements have been put in place for the period between 1 July 2010 and 31 December 2010. In addition to being a 2009 'gap' year student, students must have needed to move away from home to study because their parents' home is more than 90 minutes away from their place of study, or their parents' combined income must be less than \$150,000 in 2008-09.



What is new in Government support? continued

Effective
Date

Policy
changes

January 2011

The Centrelink independence age will be further reduced to 23 years.

The independence criterion under Centrelink rules will continue for students who live in 'remote', 'very remote' and 'outer regional' areas. For these students to be considered Independent, their family home must be in a 'remote', 'very remote' or 'outer regional' areas as defined by the Australian Bureau of Statistics (ABS) and their parents' combined income must be less than \$150,000 a year. In addition, they must either have earned a designated amount (currently \$19,532) in an 18-month period since leaving secondary school, or have worked part-time for at least 15 hours per week for 18 months in a two-year period since leaving secondary school.

July 2012

Independence age will be further reduced to 22 years.

The personal income from earnings threshold for students receiving support will increase from \$236 to \$400 per fortnight. This means that students can earn more through part-time work without affecting their benefits.

For further information please refer to www.deewr.gov.au/youthallowance