

Attachment A

The Government has introduced scholarships as an entitlement for university students receiving student payments. Commencing 1 April 2010, a new annual Student Start-up Scholarship of \$1300 in 2010, increasing to over \$2128 in 2011, and indexed in following years, will be paid to university students each year they are receiving Youth Allowance, Austudy or ABSTUDY. The full amount of the scholarship will be paid to all students receiving student income support, including those receiving only a part-payment.

Dependent university students receiving Youth Allowance or ABSTUDY who need to move away from home to study may also be eligible for the new Relocation Scholarship of \$4000 in the first year of study and \$1000 each year following (also indexed). Commencing 1 April 2010, the Relocation Scholarship will benefit dependent rural and regional students, in particular. Many students will also qualify for Rent Assistance.

These scholarships are already being paid to student income support recipients.

Students are also benefiting from changes to the age of independence which is being lowered progressively from 25 years to 22 years by 2012, commencing with 24 years on 1 April 2010 and reducing to 23 years on 1 January 2011 and 22 years on 1 January 2012.

The Parental Income Test (PIT) will now become the primary criterion for access to support. From 1 July 2010, the PIT threshold for maximum payment will increase from \$33 300 to \$44 165 and the payment withdrawal rates for incomes above the threshold will be significantly relaxed. Many more students will be eligible to receive Youth Allowance or ABSTUDY as a result of this change.

For example, the parental income cut-out point for a family with two children aged 18 and 20 living at home will increase from around \$63 000 to over \$108 000 and the cut-out point for a family with two children aged 18 and 20 and living away from home will increase from around \$80 000 to over \$142 000.

From 1 July 2010 the workforce participation criterion for independence under Youth Allowance will be tightened. Students who have worked full-time for an average of 30 hours a week for at least 18 months in a two-year period will still be considered independent but students who have undertaken part-time work or earned more than \$19 532 over 18 months will not.

Gap year students who need to move to study, or those gap year students who live at home and come from a family which earns less than \$150 000 per annum, will have until the end of the year to apply for independence under the old criterion.

As a result of the changes to the Parental Income Test, many students who previously considered it necessary to gain eligibility through the workforce participation criterion for independence will be eligible to receive Youth Allowance as dependent recipients. They will not need to take a 'gap year' to do so.

From 1 January 2011, the three elements of the workforce participation criterion for independence will apply for students disadvantaged by distance from educational institutions. These young people will still be able to qualify for payment by meeting any of the three elements of the workforce participation criterion for independence, including via earnings accrued over a period of at least 18 months since leaving school, where:

- their family home is 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

Other features of the Government's reform package include:

- from 1 April 2010, changes to scholarship arrangements will lift the means testing of equity and merit-based scholarships for social security payments to the value of \$6762 in 2010;
- from 1 January 2012, the extension of Youth Allowance, ABSTUDY and Austudy to all masters by coursework study; and
- from 1 July 2012, an increase to the personal income threshold to allow students to earn \$400 a fortnight (up from \$236) without having their payments reduced.

The Government is also establishing a new Rural Tertiary Hardship Fund with funding of \$20 million to help reduce the barriers for rural and regional students accessing higher education. A rural and regional taskforce will be created to consider issues of regional participation and advise on delivery of the fund from 2011.