



PARLIAMENT OF AUSTRALIA  
HOUSE OF REPRESENTATIVES

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## **MEDIA RELEASE**

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### **Youth Allowance Gap Year changes need amending**

The legislation proposing changes to the Youth Allowance eligibility will need amending according to the Independent Member for New England, Tony Windsor following his meeting with Deputy Prime Minister and Minister for Education Julia Gillard's Department representatives.

Mr Windsor believes that despite assurances from Ms Gillard's people, the proposed changes will disadvantage students who have made decisions about their entry to higher education options based on the old rules and now face an immediate rule change impacting on what has become known as the Gap Year.

"The proposed changes to the current situation for students to be able to access the Youth Allowance are effectively retrospective and will impact on those taking a Gap Year now.

Retrospective legislation is not fair to anyone but particularly in this instance to the young people who we are trying to encourage to become better educated and be positive contributors to society.

If this retrospective change is successful, the message we send to our young people is that they can't make solid plans for their future," Mr Windsor said.

Mr Windsor was also very concerned about the proposed changes not fully taking into account the fact that young people in country towns have no choice but to move away from home to undertake higher education.

"Country students moving from high school to university or TAFE generally must leave home to do so.

They have no choice to continue to live at home or move out and have to fend for themselves.

They therefore have the added cost of accommodation to find and if the higher education course is in the city, then this cost can be very high and even in country centres can be quite costly," Mr Windsor said.

The issue of the new Independence Test has also been raised with Mr Windsor.

"The requirement for young people to prove their 'Independence' by working 30 hours a week for 18 months over a two year period is going to mean that many country students will have to move away from their home town to find work as in most country towns this is fulltime work.

This also means a student must defer their entry to University for two years when this is not allowed at most institutions without having to re-apply for their place.

Amendments will need to be made and I urge the Government to listen to those trying to improve the legislation for genuine reform, not just oppose it," Mr Windsor said.

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***For further information contact Tony Windsor, Ph (02) 6761 3080 or 0427 66 8868***

## Examples

The following are examples of various scenarios regarding a family with one student living away from home at various gross family income levels, one with the student having qualified for the “Independence Test” for Youth Allowance and the other without an Independence Test but based solely on family gross income.

### Scenario 1

#### Family Income of \$60,000

Youth Allowance for Independent Student away from home		\$9,646		\$9,646
PLUS Year 1 Relocation Scholarship	Yr 1	\$4,000	Yr 2	\$1,000
PLUS Start up scholarship		\$2,254		\$2,254
		=====		=====
		\$15,900		\$12,900

Youth Allowance under Parental Income Test (with No Independence Test)		\$12,414		\$9,414
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This figure includes the \$4,000 Year 1 relocation scholarship and the \$1,000 Year 2 relocation scholarship and also the \$2,254 “Start up” scholarship which occurs each year.

#### Family Income of \$80,000

Youth Allowance for Independent Student away from home		\$9,646		\$9,646
PLUS Year 1 Relocation Scholarship	Yr 1	\$4,000	Yr 2	\$1,000
PLUS Start up scholarship		\$2,254		\$2,254
		=====		=====
		\$15,900		\$12,900

Youth Allowance under Parental Income Test (with No Independence Test)		\$8,425		\$5,425
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This figure includes the \$4,000 Year 1 relocation scholarship and the \$1,000 Year 2 relocation scholarship and also the \$2,254 “Start up” scholarship which occurs each year.

#### Family Income of \$100,000

Youth Allowance for Independent Student away from home		\$9,646		\$9,646
PLUS Year 1 Relocation Scholarship	Yr 1	\$4,000	Yr 2	\$1,000
PLUS Start up scholarship		\$2,254		\$2,254
		=====		=====
		\$15,900		\$12,900

Youth Allowance under Parental Income Test (with No Independence Test)		NIL		NIL
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## Scenario 2

Assumes two children living away from home – one student in Year 1 and the other a continuing student

### Family Income of \$60,000

It has Youth Allowance for Independent Student away from home

Year 1 Student	\$15,900
Year 2 Student	\$12,900
	=====
Total Family Payment	\$28,800
Youth Allowance based only on Family Income	\$25,316

### Family Income of \$80,000

Total Family Payment for two students	\$28,800
Youth Allowance based only on Family Income	\$21,327

### Family Income of \$100,000

Total Family Payment for two students	\$28,800
Youth Allowance based only on Family Income	\$17,338

### At \$138,000 Family Income for two students

One student in Year 1 and one student in Year 2

Student 1 \$6,250

Student 2 \$3,250

Plus a nominal youth allowance of between \$10-\$15 per fortnight

So approximately \$10,000 to the family

### Complete cut out of payments above Family Income of \$139,000