



Budget Bills Brief: Extension of Youth Allowance for unemployed young people

Social Services and other legislation amendment (2014 Budget Measures No.2) Bill 2014

Schedule 8: Age requirements for various Commonwealth payments

Measures From 1 January 2015, young unemployed people aged 22-24 years who apply for income support would no longer be eligible for Newstart Allowance and would instead receive the lower Youth Allowance.

Existing Newstart Allowance recipients aged 22-24 years would stay on Newstart Allowance.

Current situation Young people aged 22 to 24 years who are unemployed receive Newstart Allowance whereas those who are fulltime students receive the lower Youth Allowance payment.

Impacts Those young people affected by the measure who are living away from the parental home would receive \$207pw on Youth Allowance instead of the \$255 pw they would receive on Newstart Allowance, an income reduction of \$48pw.

Those living in the parental home who do not qualify for 'independent' status could lose more, as their parent's income (above approx. \$49,000 per year) would be taken into account.

Those who are employed part time would benefit from the more liberal income test for Youth Allowance but this does not justify the reduction in assistance. For example, weekly income of up to around \$210pw is exempted from the Youth Allowance income test (instead of \$70pw in the case of Newstart Allowance).

The Government argues that the higher Newstart Allowance is a disincentive to study, since young people who study fulltime receive the lower Youth Allowance until they reach 25 years. The solution to this problem is to increase Youth Allowance and other student payments to the same level as Newstart Allowance. There is no good reason to pay young people aged 22-24 \$48pw less.

Recommendation **Reject Schedule 8 in its entirety.**
