

## EDUCATION, SCIENCE AND TRAINING

### SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2005-2006 SUPPLEMENTARY ESTIMATES HEARING

**Outcome:** 1 and 2

**Output Group:** 1.2 Assistance for individuals including those with special needs  
2.5 Assistance for post-school students including those with special needs

#### **DEST Question No. E830\_06 - Final**

Senator Siewert provided in writing.

#### **Question:**

Can you explain the reason for the inconsistencies in the definition and level of support provided to unemployed young people versus students?

For example, why is it that a 21 year old unemployed person living at home receives \$399.90 independent of parental income, whereas a student under the age of 25 receives \$214.90 and is means tested.

Why is a 21 year old unemployed person considered an independent adult while a 25 year old student is a dependent youth?

#### **Answer:**

*Youth Allowance (student)*

Youth Allowance (student) and Newstart Allowance are paid for different purposes. Newstart Allowance is payable to job seekers whose primary aim is to find paid work. Youth Allowance (student) provides assistance to full-time students.

While a dependent student living at home may receive \$214.90 a fortnight on Youth Allowance, an independent full-time student can receive \$326.50 a fortnight. A dependent student who needs to leave home to study may also be paid at a level equivalent to an independent student.

A major difference between Youth Allowance and Newstart is that Youth Allowance students have the potential to supplement their income with casual or part-time work while studying. Youth Allowance students are entitled to an income free area of \$236 per fortnight and have access to the Student Income Bank which can accumulate any unused part of their fortnightly income free area up to a maximum of \$6,000. This contrasts with the \$62 a fortnight of income free area permitted for Newstart recipients with no access to any income bank.

The Government considers that parents, where they are able, should support their children until they reach financial independence. The current policies applicable to student payments have been developed in the context of the Government's commitment to providing assistance to students, while recognising their potential to supplement their income with casual or part-time work while studying.

Parental means testing may be waived if the young person meets the Youth Allowance independence criteria.