



# Means testing arrangements for youth payments

## 2015 Budget

Youth Allowance and ABSTUDY Living Allowance provide eligible young people with financial support while they study or train, even if they live at home.

Simplifying the parental means tests for these payments will provide additional assistance for working families to support their children to make the transition from school to further study.

## What was announced in the 2015 Budget?

The complex parental means tests for Youth Allowance and ABSTUDY Living Allowance will be simplified and more closely aligned with the Family Tax Benefit Part A family income test. The parental income test impact will also be softened for families who have both a Family Tax Benefit child and a dependent Youth Allowance child.

## Closer alignment of means tests

From 1 January 2016, the Family Actual Means Test and Family Assets Test will be removed from Youth Allowance and ABSTUDY Living Allowance parental means test arrangements. Family Tax Benefit Part A is not subject to an assets test or a Family Actual Means Test.

Parental Income Test exemptions for Youth Allowance and ABSTUDY Living Allowance will be aligned with the existing arrangements for Family Tax Benefit Part A, so that only income support recipients are exempt.

Maintenance income will be removed from the Youth Allowance or ABSTUDY Living Allowance Parental Income Test assessment.

From 1 July 2017, the treatment of child support will be further reformed by applying a separate Maintenance Income Test like the one currently applying to Family Tax Benefit Part A.

## Family pool for youth parental income testing

From 1 July 2016, youth income support parental income testing arrangements will include all Family Tax Benefit children in the family pool for the youth parental income test. This will soften reductions in Youth Allowance as family income increases.

## Who benefits?

Certain families with dependent children receiving Youth Allowance or ABSTUDY Living Allowance or ABSTUDY group 2 School Fees Allowance (income tested component) or Assistance for Isolated Children Scheme Additional Boarding Allowance will benefit from this measure.

## Outcomes

These changes will provide additional assistance for working families to support their children to make the transition from school to further study. This includes children from regional and remote areas, who often face higher costs of further study due to the need to move away from home.

Around 1,200 families from regional and remote areas will be eligible for an increase in payment from the removal of the Family Actual Means Test and are also expected to benefit from the removal

of the Family Asset Test, and the family pool changes.

The changes will reduce sudden drops in family assistance as young people move from Family Tax Benefit Part A and onto Youth Allowance or ABSTUDY or certain other youth income support.

The changes also reduce the regulatory impact on families, simplify rules and improve equity between families with a similar level of income.

## Key facts

From 1 January 2016:

- Around 30,000 families subject to the Family Actual Means Test and around 200,000 subject to the Family Assets Test will benefit from reduced regulatory burden.
- Removal of the Family Assets Test will enable around 4,100 dependent Youth Allowance recipients to qualify for the first time with an average annual gain of more than \$7,000 a year.
- 1,200 people will receive Youth Allowance for the first time due to the removal of the Family Actual Means Test.
- Removal of the Family Actual Means Test will also increase payments for around 4,860 existing customers by around \$2,000 a year.
- The change in treatment of maintenance income for Youth Allowance and ABSTUDY Living Allowance will increase payments for 3,800 people with an average increase of \$900 a year.

From 1 July 2016:

- Around 13,700 families with dependent children in both the Family Tax Benefit Part A and youth systems will be eligible for an average increase in payment of \$43 per fortnight (\$1,118 per annum).
- Around 5,800 families, who currently miss out on payments due to the higher taper rates, will be eligible for an average payment of around \$50 per fortnight (\$1,300 per annum).

From 1 January 2017:

- The introduction of a separate Maintenance Income Test in relation to child support will result in reductions in payment for around 850 young people aged under 18.

## More information

For more information about this measure and other Department of Social Services' Budget measures, visit the [Department of Social Services website](http://www.dss.gov.au) (www.dss.gov.au).

For information about the 2015 Budget, visit the [Australian Government budget website](http://www.budget.gov.au) (www.budget.gov.au).