

Transcript – Services Australia Podcast – Coronavirus conversations – Youth Allowance for parents and guardians

Talent: Hank Jongen (General Manager) and Justin Bott (Financial Information Service Officer)

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Hank

The current Coronavirus pandemic has come as a great challenge for many young Australians, including university and high school students, as well as apprentices, who have been faced with unemployment or loss of income.

Young people relying on casual or part time work in industries like hospitality and retail, have been some of the hardest hit by temporary business closures around the country.

For parents, you want to know what help is out there for your child while they continue their studies or approach the end of year 12, or if they're unemployed and looking for work, what their obligations are if their Centrelink payments are reliant on your income.

Hi, my name is Hank Jongen, a General Manager from Services Australia, and I'm talking today with Justin Bott, an expert from the Financial Information Service.

In this episode, we'll be talking about eligibility for Youth Allowance if your child is a student, an Australian Apprentice, or looking for work especially if their income or your parental income has been impacted by the pandemic.

Hi Justin, thanks for talking to us.

Justin

Hi Hank, it's a pleasure as always.

Hank

OK, let's start with some of the basics about Youth Allowance.

This payment's aimed at young people, but the age range differs whether you are studying or taking up an apprenticeship, or you're looking for work.

That's right isn't it?

Justin

Yeah, so, Youth Allowance is actually broken down into 2 types. You've got Youth Allowance as a full time student, or Youth Allowance as a person who's looking for work, as a job seeker.

So, for a full time student, it goes from 16 to 24 years of age, but it's only really for people at 16 if they've gone into that Australian Apprenticeship. So, if I'm just studying at high school then I can't actually get on to Youth Allowance until I'm 18 or over. So for most people it's 18 or over until I'm

24, then when I turn 25 Youth Allowance as a student stops, and I'd go for Austudy if I was still studying at that point.

And it's a bit different if I'm a job seeker; a person that's looking for work. So, for a job seeker it goes from 16 to 21 years, and at 22, I would then go on to the standard payment, which is called JobSeeker Payment, and that would go on from there.

Hank

Justin, what you've outlined, of course, is the situation for full time students or full time job seekers, but what happens if you fall somewhere in the middle? What if you're someone who's studying part time, and working part time, which is not uncommon?

Justin

No. Actually you get that quite a bit. So, to be defined as a full time student, what we're looking at is your full time study load. You have to be doing 75% or more of a courses full time study load. And that's determined – what the definition of a full time study loan is – that is determined by the facility; the school; the University; the college that you're going to. So they will tell you your time based on 3 different ideas.

So number 1 again is this word 'equivalent full time study load' and you'll see that the number of courses that you do equals this equivalent. You also might get something like credit points you do for these. So, each course that you're doing is worth 1 credit point therefore you've done 4 courses, that's 4 credit points for the year, or, it could just simply be the amount of hours that you study.

So we'll then look at what your college and your school tells us that you're doing. We'll compare that to the equivalent of a full time study load, and if you're doing 75% or more, then you're determined by us to be a full time student, which, of course, means that you've got to keep doing that study load. You've got to keep doing that higher level, because if you fall under that 75% you're not a full time student anymore.

So that brings us to the other side, or your scenario.

If we have a person who is studying only part time and working part time, then if they're doing less than 75% of the full time study load, then they are a job seeker. So, again, that's 16 to 21 years, it's payable without you having to do any study – so there's no study requirements to get job seeker, but you are going to have these obligations; these requirements that you're going to look for work, or you might be doing some volunteer work, or that your education might be included as part of your requirement in order to get that Youth Allowance as a job seeker payment.

Now, in both of these cases, if you are doing some sort of work, you're earning an income. If you're earning an income that's a wage that could potentially affect how much Youth Allowance you're actually getting, so, of course, you've got to let us know when that wage is coming through.

Hank

Thanks Justin. I have to say that it's also important to say that if you qualify for Youth Allowance, regardless of whether you're a student or looking for work, you will qualify for the Coronavirus Supplement. This is paid on top of your Youth Allowance. You don't need to do anything in order to receive this payment. It is automatically built into your rate if you qualify.

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Hank

So Justin, you touched on some obligations that people have. We refer to them as mutual obligations, they were reduced because of the coronavirus pandemic, but there have been some changes, haven't there?

Justin

If a person is a job seeker, they've got these obligations. The mutual obligations are requirements – they're tasks or activities that you're going to agree to in order to get those payments from us; so Youth Allowance as a job seeker, for example, has got these. Now they were initially waived when the Coronavirus Supplement came into effect, and they were introduced in a form on the 9th June, and they were changed again on the 4th August and then again on 25th September.

So right now, the way that it is, is if I'm getting that Youth Allowance as a job seeker, I'm expected to go to an appointment with my employment service provider and agree to a thing called a 'Job Plan'. Now those appointments, when we say 'go to', we don't actually mean physically attend an office cause it's not necessarily safe to do that right now, so those appointments will be done on-line, or over the phone. The employment service provider will get in contact with you.

And that Job Plan that you agree with, it's going to have different parts that you're going to be expected to do, which we talked about, so it'll say that you might have to look for a certain number of jobs; that you might have to do some volunteer work; or that your training or schooling or whatever it is may be included as a requirement in order for you to get your Youth Allowance as a job seeker.

From 28th September, mutual obligation requirements have returned. This means, if your child doesn't meet the requirements set out in their Job Plan, or if they refuse a suitable job offer without having a reasonable excuse, their payment may be suspended or they may incur some financial penalties.

It's important to say, though, that there are currently no suspensions or penalties for people living in Victoria. We still encourage these job seekers to continue to engage with their employment services provider if they can but we just want to make sure these people are safe.

Hank

What about income and assets? What are the requirements for Youth Allowance and is it different if someone is wanting to study or they're eligible because they're looking for work?

Justin

Yeah, so Youth Allowance, whether you're a student or whether you're a job seeker, is income tested. It makes no difference whether you're a full time student or a job seeker. It is a payment that is determined by your personal income and assets. That's what we call a means tested payment, and we're going to look at what you earn and what you own. Your income being what you earn and your assets being what you own.

Now it's important to note that, again as part of the Coronavirus Supplement arrangements, in order to deal with that, the assets test - the 'what you own' component - has been waived until 25th September, but it will be coming back into place after 25th September.

So, what we've got to look at in working out where you stand is whether you're what we call 'independent' or a 'dependant' Youth Allowance recipient. So if you're independent, we're going to look at your partner's income as well. So, what they're earning is going to affect your eligibility. If you are dependant not only will we look at your income and assets, we're also going to look at mum and dads as well. We're going to look at your parents' or your guardians' income and assets, too.

So what we would suggest, if you're a parent trying to work out if your child is eligible for some rate of Youth Allowance, and how your income is going to affect that eligibility, then you should go to our web page, which is servicesaustralia.gov.au, and then search for the Payment Finder, so just in the search function put 'Payment Finder' and you'll bring up what's called our 'Payment and Services Finder,' and you can go through that to see what your child might actually be eligible for.

Hank

OK. You've made reference to the Parental Income Test as being the basis for assessing a lot of people who are applying for Youth Allowance, what's the nature of that income test?

Justin

OK. So yes, the first thing we've got to work out is, is the student, or the Youth Allowance recipient, dependant or independent? And again, we've got to say for most people who are under 22 years of age, they are dependent on their parents. So, how do we determine whether a person is dependent or not dependent is actually based on their parents' income. If I'm under 22 years of age, Services Australia is going to look at my parent's or guardian's income, and determine whether they have an ongoing responsibility to look after me, or whether Services Australia has an obligation to look after me, and it's your parent's or guardian's income that will make that judgement.

Now what I mean by that is that if my parent or guardians combined income is under about \$54,500, \$54,677 to be exact per annum, then I am determined to be an independent Youth Allowance recipient and my parents' income won't affect my eligibility. But if my parents income, or my

guardians income, is over that \$54,600, the more that they earn, the less Youth Allowance that I get. So, for every dollar that they have over that \$54,600, my Youth Allowance goes down by 20 cents.

But there are other factors that they look at. We're not just going to look at your parents' income, we're also going to look at whether there other kids involved, so whether your parents have other children – we're going to look at the whole family unit to determine that. And that does have an impact on how the income test works. Also, if your parents are separated, we're going to look at the person that you spend the most time with, who, basically, is the one looking after you – doing the most caring for you.

Now, if my parent or guardian is in receipt of an income support payment themselves, then automatically, we're not going to use the Parental Income Test in working out my eligibility for Youth Allowance.

So most people under 22 are dependent on their parents. We're going to look at the parental income. Everybody at 22 and above is independent, so we don't look at the parental income for anybody who's 22 or older.

Hank

But, of course, in the current environment, with the pandemic, it could mean, of course, that parents' incomes may have changed; their income may have been reduced; or, in fact, they may have lost their jobs.

Can you have your Youth Allowance reassessed?

Justin

Absolutely. So, yeah. If the rate of Youth Allowance that my child is getting is affected because of the income that I've been receiving, and because I've lost work or I'm only getting the JobKeeper rate, then my income in this year, may no longer be the income that I told you about previously, and, if I can then show that my income has gone down, that may mean that my child's Youth Allowance could go up.

So yes, parents can have their income reassessed if their circumstances change, but it's a bit complicated, so the first thing is about the date that the change occurred, so when my child's rate of Youth Allowance will vary is going to depend on which financial year I'm telling Services Australia about. Which financial year my income actually went down in.

So, as of today, if the parents' income dropped in that last financial year, which at the moment is 2019/20; so if my income went down in the last financial year, then reducing that income could change my child's rate of Youth Allowance from the day that I tell Services Australia. So, if I tell them today, it will be changed from today.

If the parents income, however, dropped in this financial year, 2020/21, then the reduced income will impact on my child's rate of Youth Allowance, but it's not going to hit them; they're not going to see that benefit of reduced income, until the 1st January 2021, so any change that's occurred in this financial year won't be going through to an improvement in my child's Youth Allowance until 1st January 2021.

Again, parents could go to servicesaustralia.gov.au and look for this thing called the Parent and Guardians Details form, so you just search Parents and Guardians Details, and you can use that form to give Services Australia your new estimated income. And you don't need to prove evidence of the reduction – just give us the figures and sign that away.

Hank

And, of course, if you're not in a situation where income has been affected in the way we've outlined, we normally review parental income every year, don't we. When does that happen and how does it happen?

Justin

Yeah. So if my circumstances are basically unchanged and everything is going as it is, the Youth Allowance that my child is receiving is based on my income – and sorry for the technical bit here – but it's based on my income in the financial year that ended last year. So in this case, that's based on the 2018-19 financial year. Now, that means that on the 1st January every year, that financial year will always change. So on the 1st January 2021, the financial year that's ended last year has changed to the 2019-20 financial year, and as a consequence, Services Australia needs these new details. We need this new financial year income.

So what's going to happen is, at the end of September, we are going to mail out a letter to all our Youth Allowance recipients to get the details of their new parental income for the financial year that's just finished, 2019/20, as I said. Now this isn't new. This is business as usual. This is what we do every year. The letters going to come – it's got a one-time access code on it. So you as the parent or guardian; you're going to get the letter from your child; you're going to use the one-time access code as the letter tells you to do, and you're going to give us your new income details so that your child's Youth Allowance can continue quite easily from 1st January 2021.

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Every year around September dependent Youth Allowance recipients get a letter asking for their parents or guardians new income details. You need to use the code to update your income details on the Advise Parental Income online service.

Hank

So Justin, with new applicants we always encourage people to check on their possible eligibility by looking at our 'Payment and Services Finder' on our website, servicesaustralia.gov.au, but look, there is a question that arises here. You've said that Youth Allowance is payable from 18 or earlier, but Family Tax Benefit is payable until a child turns 19. So, in that situation, what payment should someone apply for?

Justin

Yes Hank. That is an important question. It is something that is often asked, “Which payment should I be going for?” Realistically, which one’s going to give us the best amount of money? Now, normally, Youth Allowance for a child who’s 18 or more - is actually higher than the Family Tax Benefit for a child that’s 18, so normally you would just say “why would I stay on Family Tax Benefit because it pays less? Let’s move that across to Youth Allowance which pays more.”

But that isn’t always the case. It’s not a universal rule that it’s better, and everybody’s going to need to check for their personal and individual circumstances. So we highly recommend you use that ‘Payment and Services Finder’ as a way to check to make sure that you’re moving on to the right payment.

So, let’s look at Family Tax Benefit first. In order for it to be paid for a child between 16 and 19 years of age, the child’s got to be in full-time study. It stops the moment that child ceases school if they’re not completing Year 12, or it stops within 28 days of them finishing Year 12 or the equivalent of Year 12, or in the end of the year if they stop Year 12 in November or December.

So, realistically, again, if my child is in Year 12 now, the payment can go until 28 days after Year 12 stops or paid up until the 31st December. Then, if my child is going to continue to study, I’d be looking at, theoretically, Youth Allowance if my child is 18 – Youth Allowance from there.

But there are very particular circumstances and this is really focussing on Rent Assistance - potentially the last child and Rent Assistance – where the Family Tax Benefit and Rent Assistance combination is actually better than the Youth Allowance that might not come with Rent Assistance. So, Rent Assistance is generally paid with the Family Tax Benefit, but once my youngest child goes onto Youth Allowance, all my Family Tax Benefit will end, which means that all of my Rent Assistance eligibility will also end.

So you’ve really – as I said – you’ve really got to check through your numbers. Use that Payment and Services Finder to test “Should I be staying on Family Tax Benefit or should I go onto Youth Allowance for my child?” Now the problem is, with that Payment and Services Finder, you can’t do a comparison of them both together, so what you got to do is, as a parent, go through testing the Family Tax Benefit circumstance; and then go back through it again, pretending that you’re a child and looking at your eligibility for Youth Allowance, so that you can see how much you can potentially get under both. But we do really suggest you do that, so that you check which payment is the right one for you.

Hank

OK, you’ve referred to Rent Assistance, which, of course, is also payable to people receiving Youth Allowance. Here’s another scenario: Can a parent charge rent to their child, so that the child could claim Rent Assistance as part of their Youth Allowance?

Justin

That is another very common question, and the answer in most cases is actually no. And what I just want to put out there up front is a warning - don’t try and manipulate your finances to try and get the most out of us. So the concern is that my child isn’t actually paying any rent, but I’m just pretending that they are so that we can try and get some extra payments of Rent Assistance to come with their Youth Allowance. So, big warning about that. The government obviously doesn’t like

people trying to do that and the concern is that you might be trying to commit some sort of fraud and we're going to try and watch for that.

Against that, of course, is the fact that this is where it's actually happening; this is a very legitimate thing that parents do; this is what they're doing. My child is now 18 or 19 years of age; the child is now looking for work or studying. It is quite legitimate for them to be paying me some form of rent, or even – they may even be on the lease. The child's name is on the lease of the property. They're an adult now and they can do that. We're charging them rent, can we then get rent assistance?

Unfortunately, the answer is, in all those cases, still for the majority, no. Even if the child is on the lease, it doesn't necessarily mean that they qualify for rent assistance. There are some very limited rules – some very special rules for young people, that may help them qualify, so if they are living with their parents but they have care or have cared for a dependent child, or they're in a relationship or were in a relationship, which qualified them as independent, then they can get rent assistance with their Youth Allowance. If they're paid away from home rate of Youth Allowance they can get rent assistance if they pay rent. If they are defined by us as being independent, they can get rent assistance but not if they live with their parents to pay rent, so they're independent and living somewhere else.

Again, that issue of having that Rent Assistance and not having it – having it through Family Tax Benefit and not having it through Youth Allowance – is something that we say may make a big reason why you want to stay on Family Tax Benefit rather than change across. So, again, use that Payment and Service Finder to check that out.

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Parents can use the 'Payment and Service Finder' on our website to check which of the two options, Youth Allowance or Family Tax Benefit, would be the best for their family and their circumstances. You can find it at servicesaustralia.gov.au.

Hank

Justin, thank you for that comprehensive overview.

If you want more information in relation to Youth Allowance, go to servicesaustralia.gov.au/youthallowance.

Please note, the information discussed in this episode is current as at the time of recording. To keep up to date with all the latest news or changes about our payments and services, visit our website – as I said - servicesaustralia.gov.au, or follow Services Australia on Facebook and Twitter.

Until next time. I'm Hank Jongen, goodbye for now.

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