

## Youth allowance legislation in jeopardy

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A LAST ditch effort by the Rudd government to salvage its youth allowance legislation appears to have failed with both the opposition and Senator Steve Fielding today opposing amendments tabled late Monday night.

With the legislation apparently headed towards defeat there is a real risk there will be no scholarships available for students next year because parliament has already abolished the previous scholarship system in preparation of bringing in the changes. These old scholarships would have been available to about 21,000 new students.

The government could try to reintroduce the legislation in February but that may be too late for students.

The opposition today said it was prepared to give precedence to considering any new legislation the government could now bring forward this week to provide for scholarships next year.

Last night the government bowed to senate pressure and agreed to exempt most students currently working a gap year from its crack down on those using the work criteria to qualify for benefits.

But Family First senator Steve Fielding today signalled that he won't support the government's proposal to pay for the changes by slashing the value of its new start up scholarships for next year.

The opposition meanwhile is insisting that students who have to move to attend university should be permanently exempted from the tougher work criteria, which they say disadvantages rural students.

Education minister Julia Gillard has said any modifications to the package must be cost neutral.

To pay for the latest changes the government will temporarily cut the value of its \$2,254 start up scholarships, that are to be available for 150,000 youth allowance recipients, by \$820 to \$1,434 for next year only.

The scholarships would return to \$2,254 in 2011.

While the government is hopeful the Greens and independent senator Nick Xenophon would support the changes it needs either Senator Fielding or an opposition senator to get it passed.

The government is trying to re-target youth allowance payments towards needy students without having to stump up more money.

It is raising parental income thresholds and gradually reducing the age of independence from 25 to 22 by 2012.

But the package has been diluted as the government has been forced to allay concerns that its crack down on "gappers" is unfair.

The tougher criteria mean that students need to work an average 30 hours a week for 18 months when previously they could qualify by earning \$19,500 in an 18 month period.

The change is aimed at cracking down on the rising number of relatively well off students being able to qualify while still living at home.

But it has caused a backlash in the bush where students face higher costs from having to leave home to attend university.

In a bid to allay concerns, the government in August agreed to exempt from the tougher criteria those students who have taken gap year this year and who have to move to attend university. But to pay for that it had to delay by 18 months its plans to boost support to students by lowering student earning thresholds at which youth allowance starts to reduce.

The thresholds now wouldn't now rise from \$236 a fortnight to \$400 a fortnight until July 2012.