

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Industry, Innovation, Science, Research and Tertiary Education Portfolio
Additional Estimates Hearing 2011-12
15 February 2012

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, INNOVATION, SCIENCE, RESEARCH AND TERTIARY EDUCATION

TOPIC: Parental Assets Test - Youth Allowance

REFERENCE: Written Question – Senator Nash

QUESTION No.: AI-57

Refer to ICPA letter to Senator Evans dated 24/10/11 (copied to Senator Nash) regarding concerns about the parental assets test that is applied for dependent youth allowance. The ICPA highlights the problem in which farming income may be low but parental business assets are over the threshold.

- Does the dept give any consideration to variable factors that preclude selling business assets to create cash flow such as:
 1. Some farming businesses cannot sell land due to conditions of their occupation of land ie pastoral leases
 2. Farm machinery is included in the assets test but is required to earn an income
 3. Irrigation assets during the drought have been largely unsaleable and produced little to nil income but are still a farming asset within the business. These assets need to be assessed according to the current market value at the time of applying for youth allowance.
- Does the dept acknowledge the ICPA member concerns that the parental asset threshold is too low and does not realistically reflect the actual circumstances of most farming families where high land and machinery prices are taken into asset calculation but generate minimum to low incomes.
- Would it consider raising the threshold to a more realistic level?

ANSWER

For dependent ABSTUDY and Youth Allowance recipients, a family assets test applies. The family assets test takes into account the current market value of assets (net of debt), excluding the principal family home and up to two hectares of surrounding land.

The threshold for the family assets test is currently \$619 500 and this value is indexed in January each year. In addition, a 75 per cent discount is applied when assessing business assets, including farm assets. This means that dependent young people from small business and farming families with assets up to the value of \$2.478 million net of debt and the principal family home are eligible for ABSTUDY and Youth Allowance payments.

Any changes to parental means testing arrangements in relation to qualification for student payments would be a matter for government in a Budget context.