

# **AUSTUDY/ABSTUDY Supplement Regulations (Amendment) 1996 No. 255**

## EXPLANATORY STATEMENT

Statutory Rules 1996 No. 255

Issued by the Authority of the Minister for employment, Education, Training and Youth Affairs

*Student and Youth Assistance Act 1973*

AUSTUDY/ABSTUDY Supplement Regulations (Amendment)

Part 2 and Part 4A of the *Student and Youth Assistance Act 1973* (the Act) provide the legislative authority for the AUSTUDY and the AUSTUDY/ABSTUDY Financial Supplement (the Supplement) schemes respectively. Section 56 of the Act provides that the Governor-General may make regulations for the purposes of the Act.

The Supplement is a voluntary loan for tertiary students. It is available to students who fall into one of the following categories:

\* Category 1 students are tertiary students who are eligible for AUSTUDY or ABSTUDY benefits (i.e. living allowance, Dependent Spouse Allowance or Pensioner Education Supplement). To get the Supplement, students must trade in \$1 of their AUSTUDY or ABSTUDY benefit for every \$2 of Supplement they wish to receive. The minimum Supplement for Category 1 students is \$500 and the maximum is \$7,000 a year.

Example: A student is eligible to get \$2,700 AUSTUDY living allowance. To get a \$4,000 Supplement loan the student must trade in \$2,000 of his or her AUSTUDY. The student will receive a total of \$7,000 of which \$700 is their residual AUSTUDY living allowance.

\* Category 2 students are tertiary students:

- Who are "dependent" on their parents for AUSTUDY or ABSTUDY purposes;
- who meet all the criteria for AUSTUDY or ABSTUDY except the parental income test; and
- whose parents' adjusted income is below an amount prescribed in regulation 7 of the AUSTUDY/ABSTUDY Supplement Regulations (the Regulations).

The minimum Supplement for Category 2 students is \$500 and the maximum is \$2,000 a year.

The prescribed parental income amount is indexed on 1 January each year in accordance with movements in the Consumer Price Index. Regulation 7 is amended each year to prescribe the new amount.

These regulations:

\* amend regulation 7 to increase the prescribed parental income from \$53,138 in 1996 to \$54,785 for 1997 (regulation 3); and

\* provide for the annual indexation of the prescribed parental income amount and the automatic substitution of the new amount in regulation 7. The amendment does not change the method by which the prescribed amount is adjusted. It does, however, remove the need to amend the Regulations each year to specify the prescribed amount for the following year. (regulation 4).

The regulations apply in relation to. the Supplement for the year, or part of the year, commencing on 1 January 1997 (regulation 2) and commence on the date of gazettal (note to regulation 1).

A detailed explanation of the regulations is set out in the Attachment.

## ATTACHMENT

### DETAILS OF THE AUSTUDY/ABSTUDY SUPPLEMENT REGULATIONS (AMENDMENT)

#### **Regulation 1** Amendment

**Subregulation 1.1** provides that the AUSTUDY/ABSTUDY Supplement Regulations (the Regulations) are amended by these regulations.

#### **Regulation 2** Application

Subregulation 2.1 provides that **regulation 3** applies only in relation to financial supplement for the year, or part of the year, commencing on or after 1 January 1997. This ensures that the new amount inserted by regulation 3 does not apply to 1996 financial supplement applications.

#### **Regulation 3** Regulation 7 (prescribed parental income)

##### Background

Subparagraph 12C(1)(b)(ii) of the *Student and Youth Assistance Act 1973* (the Act) provides that a student who would qualify for AUSTUDY or ABSTUDY but for the application of the parental income test is eligible for financial supplement if the student's adjusted parental income is less than an amount prescribed by the Regulations. Regulation 7 provides that, for the purposes of subparagraph 12C(1)(b)(ii) of the Act, the prescribed parental income for 1996 is \$53,138. The "prescribed amount" is indexed annually in line with movements in the Consumer Price Index.

##### Amendment made by this regulation

Subregulation 3.1 amends regulation 7 to increase the prescribed parental income amount from \$53,138 in 1996 to \$54,785 for 1997.

#### **Regulation 4** New Regulation 7A

##### Background

Regulation 7 has been amended each year to specify the prescribed parental income amount for the following year. These regulations specify the method for indexing the prescribed amount and provide for the automatic substitution of the new amount in regulation 7 so that it will no longer be necessary to amend the Regulations each year.

##### Amendments made by this regulation

Subregulation 4.1 inserts new **regulation 7A** to provide the mechanism to index the prescribed parental income amount and substitute the new amount. Subregulation 7A(1) provides that the amount prescribed in regulation 7 is altered annually in accordance with regulation 7A.

**Subregulation 7A(2)** provides that the "Indexable amount" in regulation 7A means either the amount in regulation 7 or, if that amount has been altered by substituting another amount, the last substituted amount.

**Subregulation 7A(3)** provides that, after 1997, on 1 January of each year (referred to as the "relevant year") the indexable amount is taken to be altered by substituting an amount worked out using the formula:

$$\text{previous indexable amount} \times \text{indexation factor}$$

where:

\* "previous indexable amount" means the indexable amount immediately before 1 January in the relevant year. For example, the previous indexable amount on 1 January 1998 will be the indexable amount on 31 December 1997; and

\* "indexation factor" means the index factor worked out under subsection 12ZZA(2) of the Act as affected by subsections 12ZZA(3), 12ZZB(1) and 12ZZB(2) in relation to the relevant year.

Subregulation 7A(4) provides that, if the amount arrived at under subregulation 7A(3) is an amount of dollars and cents, the amount is to be rounded to the nearest dollar and, if the amount is fifty cents, the amount is to be rounded up to the nearest dollar.