

**SENATE LEGISLATION COMMITTEE ON
EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS**

QUESTIONS ON NOTICE

**Inquiry into the Social Security Amendment (Income Support for Regional Students)
Bill 2010**

DEEWR Question No. SIH – H3

Senator Back asked on 17 December 2010, EEWHR Hansard page 49.

Question

Senator BACK – My next question is: in the event that this overall activity had to be budget neutral, how much would it have to reduce per student to actually be able to include every student whose eligibility would be the need to relocate from their home? That is what I am getting at. I understand budget sensitivities. If the government cannot afford the \$90 million a year or \$270 million over forward estimates, I want to know by how much it would have to decrease for each student to then include the 5500 or presumably the significant proportion of them. If you could take that on notice, I would be appreciative. Ms Milliken – By ‘decrease’ you mean decrease the rate of Youth Allowance at the independent rate? Senator BACK – That is correct.

Answer

Assuming that the cost of implementing the Social Security Amendment (Income Support for Regional Students) Bill 2010 is approximately \$270 million over the forward estimates period to 2013-14, the Department estimates that the maximum rate paid to students receiving the independent Youth Allowance and ABSTUDY payments would need to decrease in the range of 10-12 per cent to offset the cost. This would result in a reduction of approximately \$37-\$49 per fortnight for independent students on the away from home rate, and of approximately \$26-\$31 per fortnight for independent students on the at home rate¹.

Please note this departmental estimate:

- is based on a departmental costing using the methodology used in the costing of the Outer Regional and Remote measure with adjustments made to take into account, where appropriate, the flow through effects from other reforms to student income support (Bradley Review);
- this costing has not been agreed with the Department of Finance and Deregulation;
- any variation in the assumptions underpinning the costing is likely to have a material effect on the costing;
- does not include Centrelink departmental costs;
- does not take into account the potential for behavioural change;
- is based on the Youth Allowance and ABSTUDY recipient population as at June 2010;
- assumes that students from Inner Regional Australia as categorised under the Australian Standard Geographical Classification, could qualify from 1 April 2011;
- includes students in both the vocational education and training and higher education sectors who may qualify as independent under Youth Allowance and ABSTUDY; and
- would apply to all categories of independent Youth Allowance and ABSTUDY (workforce participation, age and special circumstances – such as unable to live at home or married).

¹ Based on Youth Allowance maximum rates (as at 1 January 2011) applicable for single, no children, aged 18 years and over recipients.