

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2006-2007 ADDITIONAL ESTIMATES HEARING

Outcome: 1, 2
Output Group: 1.2 Assistance for individuals including those with special needs
2.5 Assistance for post-school students including those with special needs

DEST Question No. E806_07

Senator Carr provided in writing.

Question:

Youth Allowance Income Bank

Youth Allowance recipients who are full-time students are able to accumulate up to \$6000 of any unused portion of their fortnightly income-free area. Income bank credits can be used to offset any income earned that exceeds the fortnightly income-free area.

Australian Apprentices can only accumulate up to \$1000 of any unused portion of their fortnightly income-free area.

1. How does the \$6000 income free area operate?
2. How many Youth Allowance students are using it?
3. Breakdown numbers of students by \$500 increments of free area used
4. What is the average amount of the free area used?
5. What is the average amount of the free area used by age cohort?
6. Is the income bank indexed?
7. How many people have reduced Youth Allowance (part-rate) because they exceed the income ceiling for the income bank?
8. What is the average amount by which their payments are reduced?

Answer:

Youth Allowance Income Bank

1. In each fortnight that a full-time student in receipt of Youth Allowance has earned income less than the income free area of \$236, then the difference between their earned income and \$236 is accrued into the Income Bank. Students can accumulate up to \$6,000 of any unused portion of their fortnightly income-free area in the Income Bank. When a full-time student in receipt of Youth Allowance has earned income greater than \$236 in a fortnight, their Youth Allowance payment will be reduced, unless the student chooses to offset earned income greater than the income free area of \$236 by using income bank credits.
2. All recipients of Youth Allowance are eligible for Income Bank. Any full-time student in receipt of Youth Allowance with less than \$6000 of income bank credit and with earned

income of less than \$236 in a fortnight will accumulate income bank credit in that fortnight.

In June 2006, approximately 210,000 full-time students in receipt of Youth Allowance had at least some income bank credit.

3. Data giving a breakdown of numbers of students by \$500 increments of income bank credit accumulated have been requested from Centrelink and will be provided when available.
4. In June 2006, the average amount of income bank credit for full-time students in receipt of Youth Allowance was approximately \$2,500.
5. Data on the average amount of income bank credit for full-time students in receipt of Youth Allowance by age cohort have been requested from Centrelink and will be provided when available.
6. No. The maximum amount of Income Bank is not indexed. An individual's Income bank credits are not indexed.
7. Data on the number of people receiving reduced Youth Allowance (part rate) because their earned income exceeds \$236 in a fortnight have been requested from Centrelink and will be provided when available.
8. Data on the average payment of people receiving reduced Youth Allowance (part rate) because their earned income exceeds \$236 in a fortnight have been requested from Centrelink and will be provided when available.