

## EDUCATION, SCIENCE AND TRAINING

### SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2006-2007 BUDGET ESTIMATES HEARING

**Outcome:** 2

**Output Group:** 2.5 – Assistance for post school students including those with special needs

#### **DEST Question No. E050\_07**

Senator Wong asked on 1 June 2006, EWRE Hansard page 20

#### **Question:**

Tell me about the gender assumptions. You have a look at that. It is despite what we know about the real relative levels of men's and women's wages.

#### **Answer:**

##### *Doubtful debt gender assumptions*

The Australian Government Actuary's (AGA) modelling of doubtful debt for 2003-04 used a new income model. The new model consists of an:

- income incidence model that projects when an individual will have an income of more than \$25,000 (in 2004 dollars) based on their income history (if any) and other demographic characteristics; and
- income progression model that determines the level of these incomes based on the assigned income incidence, income history and demographic characteristics.

The demographic characteristics include gender.

The model parameters incorporated in these two components have been derived from the analysis of income profiles for those for whom the AGA has ten years of post study income observations. The AGA's model produced a ratio of doubtful debt to outstanding debt of 18% for males and 19.6% for females as at 30 June 2004.