

EDUCATION, SCIENCE AND TRAINING

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

Outcome: 2
Output Group: 2.2 - New Apprenticeships

DEST Question No. E160_07

Senator Wong provided in writing.

Question:

On Tuesday 30 May 2006 Minister Hardgrave was reported in the Financial Review as "saying he was seriously considering government-funded inducements to lure the unemployed from job-poor regions to areas with a shortage of workers." (AFR, 30.5.06, P.3)

- i. Has DEST provided advice to the Minister on such a proposal? On what date was this advice provided?
- ii. How much would such a proposal cost?
- iii. Has DEST costed any proposal to increase the living away from home allowance?
- iv. What would the cost of increasing the Living Away from Home Allowance to (a) \$100 per week; (b) \$200 per week?
- v. Has DEST commissioned any actuarial studies of such a proposal?

If so, what is the estimated impact on demand of a \$100 or \$200 week increase?

Answer:

Government-funded inducements to lure the unemployed to areas with a shortage of workers.

- i. Advice has not been provided to the Minister on such a proposal.
- ii, iii. The Department has not costed any proposal to increase the Living Away From Home Allowance since costing amendments to the allowance in the lead up to the 2002-03 Additional Estimates process.
- iv. LAFHA is paid at varying rates over a maximum of three years (\$77.17 for first year, \$38.59 for second year and \$25.00 for third year). As such, there are a number of interpretations of the question that would lead to significant variations in responding to this question. As stated in (iii) DEST has done limited modelling on variations to LAFHA. DEST would need further clarification of how the suggested increase would apply over the three year period in order to provide a response.
- v. No actuarial studies have been undertaken.