

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO
2016-17 Supplementary Estimates Hearings

Outcome Number: 1.12 Program Support for Outcome 1 Question No: SQ16-000341

Topic: Pauses on indexation of means test thresholds

Hansard page: Written

Senator Murray Watt asked:

How many people will be impacted by the pauses on indexation of income free areas and means test thresholds contained in the Social Services Legislation Amendment (Budget Repair) Bill 2016 by electorate, state and payment type?

a) What is the average amount by which people will be worse off by electorate, State and payment type?

Answer:

Payments will not be reduced unless recipients' circumstances change, such as their income increasing in value. Not indexing the value of these free areas and thresholds for three years will mean that increases to payments that would have occurred on either 1 July or 1 January of each year will not occur. The magnitude of impacts will depend upon the particular payment and individual's circumstances.

It is estimated that around 204,000 recipients of working age allowance payments and Parenting Payment Single will be affected in the first year (2017-18). Average fortnightly impacts in the first year will be around \$1 for Newstart Allowance, Parenting Payment (Partnered), Partner Allowance, Sickness Allowance, and Widow Allowance; and around \$1.60 for Parenting Payment (Single).

It is estimated that around 60,500 recipients of student payments will be affected in the first year (2016-17). This includes recipients of Austudy, ABSTUDY (Living Allowance), and Youth Allowance (student). Average fortnightly impacts in the first year from pauses to the income test free areas are estimated to be around \$4.70. Freezing income test free areas for student payments results in larger fortnightly impacts because of the larger income test free area provided to recipients of student payments. For example, a Youth Allowance recipient who is a student can earn up to \$433 per fortnight before their payment is affected.

(a) The department has not undertaken analysis of recipient impacts disaggregated by state or electorate. To do so would be an unreasonable diversion of resources.