

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Supplementary Budget Estimates 2010-2011**

Outcome 3–Higher Education

DEEWR Question No.EW0524_11

Senator Siewert provided in writing.

Question

YOUTH ALLOWANCE INDEXATION

Please provide the rationale to explain why payments for young people are indexed just once a year? What would it cost to index payments (Youth Allowance, Abstudy and Austudy) twice a year, along with Newstart Allowance? Youth Allowance has not been increased, apart from annual CPI increases, since 1987. If YA had been indexed twice annually, like Newstart Allowance, what would the rates paid be currently?

Answer

Youth Allowance, Austudy and ABSTUDY under 21 years Living Allowance are indexed on 1 January each year. This is because these payments generally reflect the academic year.

The cost to index these payments twice annually, in line with Newstart Allowance, has not been quantified, however, as well as affecting the administered appropriation, it would involve implementation costs for Centrelink.

Youth Allowance was introduced on 1 July 1998 and was indexed most recently on 1 January 2010.

Youth Allowance will increase again on 1 January 2011 due to indexation. Rates will be higher than they would have been if the payment had been indexed biannually since 1 July 1998 on 20 March and 20 September consistent with the Newstart Allowance indexation model.

Youth Allowance Rate (per fortnight)	Theoretical rate: 20 September 2009 (if indexed twice yearly since 1 July 1998)	Actual rate: 1 January 2010	Theoretical rate: 20 September 2010 (if indexed twice yearly since 1 July 1998)	Actual rate: 1 January 2011
Away from home	\$376.60	\$377.00	\$387.90	\$388.70
At home – 16-17 years old	\$206.00	\$206.30	\$212.20	\$212.70