



Australian Government

Department of Finance

The Treasury

PUBLIC RELEASE OF 2016 ELECTION COMMITMENT COSTING

Name of proposal costed: Regional Student Access to Education Package	
Costing Identifier:	COA 034
Summary of costing:	<p>FIRST ELEMENT: reduce, from 18 months to 14 months, the period that regional and remote students need to be employed under the self-supporting criteria for Youth Allowance and ABSTUDY living allowance commencing in 2017-18.</p> <p>SECOND ELEMENT: 1,200 new rural and regional enterprise scholarships for undergraduate, postgraduate and vocational education students to undertake STEM studies, commencing in 2017-18.</p> <p>THIRD ELEMENT: provide up to \$44.7 million over the forward estimates in additional support for isolated children, including \$3.9 million to increase the existing Assistance for Isolated Children's (AIC) Additional Boarding Allowance by 50 per cent from 1 January 2017.</p> <p>FOURTH ELEMENT: an independent comprehensive review into equity of access, aspiration and achievement of rural and regional students to seek fresh ideas and fresh thinking to bridge the divide.</p>
Person making the request:	Prime Minister
Date costing request received:	23/06/2016
Date of public release of policy:	22/06/2016
Date costing completed:	27/06/2016
Additional information requested (including date):	Not applicable.
Additional information received (including date):	Not applicable.



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Financial implications (outturn prices)^(a)

Impact on	2016-17	2017-18	2018-19	2019-20
Underlying Cash Balance (\$m)	-11.2	-31.8	-51.7	-53.0
Fiscal Balance (\$m)	-11.2	-31.8	-51.7	-53.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

Where relevant, state that the proposal has been costed as a defined or specified amount.

This proposed package has been costed to provide \$147.7 million over four years from 2016-17, including:

- \$83.0 million over four years from 2016-17 (\$0.1 million in 2016-17, \$16.7 million in 2017-18, \$32.5 million in 2018-19 and \$33.7 million in 2019-20) to relax the concessional self-supporting criteria under Youth Allowance and ABSTUDY living allowance for Regional and Remote students noting this element is demand driven;
- \$24.0 million over four years for a scholarship of \$20,000 each for 1,200 students undertake STEM studies (\$4.0 million in 2017-18, \$8.0 million in 2018-19, \$8.0 million in 2019-20 and \$4.0 million in 2020-21); and
- \$44.7 million over four years from 2016-17 (\$11.1 million in 2016-17, \$11.1 million in 2017-18, \$11.2 million in 2018-19 and \$11.3 million in 2019-20) to increase the existing Assistance for Isolated Children. This is a capped component.

Where relevant, include separate identification of revenue and expense components.

For the First Element, \$78.8 million relates to increases in administered expenses for the Student Payments program which is paid to students by the Department of Social Services (DSS), over four years.

\$4.2 million relates to increases in services delivery costs for the Department of Human Services (DHS).

The Third Element includes \$3.9 million in administered expenses for Program 1.2: Child Payments in the Social Services Portfolio.

Where appropriate, include a range for the costing or sensitivity analysis.

Not applicable.



Qualifications to the costing (including reasons for the costing not being comprehensive).

Refer to costing assumptions below. The costing request for the second element does not provide policy parameters (e.g. timing of payments, take-up rate, start date and eligibility criteria) for this commitment and the profile may change depending on the final design of the program.

For the Third Element, only impacts for the increase to existing Assistance for Isolated Children Scheme (AIC) Additional Boarding Allowance by 50 per cent have been detailed. Expenditure for the remaining \$40.8 million has not been specified within the costing request.

Where relevant, explain effects of departmental expenses.

As specified in the costing request, any departmental expenses associated with this package would be met from within existing funding by the Department of Education and Training and Department of Social Services.

Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.

For the First Element, the Deputy Prime Minister identified that this policy would cost \$83.0 million in his press conference on 22 June 2016.

Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).

Not applicable.

Background information

First Element

This policy would reduce the period, from 18 months to 14 months, over which students from areas classified as inner regional, outer regional, remote and very remote would need to be employed under the self-supporting criteria to be assessed as independent for Youth Allowance and ABSTUDY living allowance purposes. This policy would take effect from 1 January 2018, in line with the school year.

Costing methodology used:

- **Costing techniques.**
 - Finance identified impacted cohorts and the average recipient impact for each cohort to determine the cost of the policy.
- **Policy parameters.**
 - The Deputy Prime Minister identified that this policy would cost \$83.0 million. This is consistent with the costs identified in this costing; Finance has included \$4.2 million for DHS service delivery expenses.
 - This policy would impact 3,700 students that would now gain independence and 2,500 students that would gain independence four months sooner.



Behavioural assumptions used (as appropriate).

It is assumed that recipients would actively attempt to maximise their payment and so would take advantage of the change of policy.

Second Element

Costing methodology used:

- **Costing techniques.**

Consistent with the costing request, the scholarship commitment is capped at \$24.0 million and will conclude on 30 June 2021.

- **Policy parameters.**

Scholarships of up to \$20,000 (refer Coalition Media Release of 23 June 2016) are assumed to be provided to 600 eligible students on 1 January 2018 and a further 600 students on 1 January 2019 to enable them to complete three-year qualifications.

Financial impacts in 2020-21 are expected to total \$4.0 million.

Behavioural assumptions used

Assumes the Enterprise Scholarship program is fully subscribed and that all students successfully complete their STEM studies.

Third Element

Costing methodology used:

- **Policy parameters.**

- The costing request specifies that funding would be capped at \$44.7 million. The cost to increase to existing AIC Additional Boarding Allowance by 50 per cent is \$3.9 million over the forward estimates.
- The estimate of \$3.9 million over the forward estimates includes around 1,200 recipients receiving the additional boarding allowance each year, based on actual 2013-14 data of recipients receiving Additional Boarding Allowance. The additional boarding allowance cost is determined at 50% of the current rate and indexed. The costing assumes that the proposal is ongoing.
- The remaining \$40.8 million has been distributed over four years from 2016-17.

	2016-17	2017-18	2018-19	2019-20
AIC	-0.9	-0.9	-1.0	-1.0
Remaining	-10.2	-10.2	-10.2	-10.3
Total	-11.1	-11.1	-11.2	-11.3

Note: Figures have been rounded.

Behavioural assumptions used (as appropriate).

Not applicable.



Fourth Element

The independent review would be funded out of existing departmental resources within the Department of Education and Training and would have a nil impact on underlying cash and fiscal balance.



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