

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

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

**Outcome 4 - Employment & Participation Policy**

**DEEWR Question No.EW0526\_11**

**Senator Siewert provided in writing.**

**Question**

**ISP - SUPERANNUATION**

Can you provide an explanation as to why young people on income support payments (Youth Allowance, Abstudy and Austudy) are not able to access the early release of superannuation under the existing hardship provisions? Is it correct that the current rules deny access to super for young people with terminal illness? If so, why is this so and what is being done about this anomaly?

**Answer**

The Superannuation Industry (Supervision) Regulations provide for the early release of preserved superannuation benefits in limited circumstances, including when a member suffers severe financial hardship, from a terminal medical condition, permanent incapacity and on specified compassionate grounds.

The test of "severe financial hardship" includes being in receipt of a specified Commonwealth income support payment for a continuous 26 week period.

The definition of a Commonwealth income support payment is intended to capture only those social security payments that are designed to provide full financial support to individuals and their dependants experiencing financial hardship as a result of an adverse or unexpected life event such as loss of one's employment, disability or drought.

Accordingly, student income support payments are excluded from the definition. Such payments are not intended to provide full financial support. Rather, such payments are designed to assist in meeting the costs of undertaking a course of study. Recipients of student income support payments make a voluntary decision to pursue a course of study having regard to both the immediate and future financial consequences of doing so.

Any person suffering from a terminal medical condition can apply for unrestricted access to their superannuation benefits. In such circumstances superannuation benefits are released tax-free subject to certain conditions. An application for release of benefits in these circumstances should be made directly to the individual's superannuation fund.