

Chapter 1

Report

Introduction

1.1 The Social Security Amendment (2007 Budget Measures for Students) Bill 2007 was introduced in the House of Representatives on 21 June 2007, and was referred to this committee through the Selection of Bills the same day for report on 30 July 2007.

Conduct of the inquiry

1.2 Notice of the inquiry was posted on the committee's website and advertised in *The Australian* newspaper on 27 June 2007. The committee also contacted a number of organisations to notify them of the inquiry and to request submissions. The committee received 6 submissions, a list of which is at Appendix 1.

1.3 The committee thanks all those who contributed to the inquiry.

Summary of amendments

ABSTUDY recovery

1.4 The first amendment aims to simplify processes used to recover money paid under the ABSTUDY and AIC schemes into an incorrect bank account. The provisions are designed to operate where the departmental delegate considers that the account name is different from that of the intended recipient, or where the intended recipient has died prior to the payment being made. In such cases, the bank will be required to repay the amount owing, or if the amount is less, the proceeds of the account, to the Commonwealth within a reasonable period of time.

Income support for masters degrees

1.5 Another significant amendment is the removal of those people who have completed, or are currently completing, a masters or doctorate from the class of persons who may not receive Austudy or Youth Allowance. This paves the way for students completing prescribed masters degrees, where they are required for entry, or are the fastest way to achieve entry to a profession, to receive these benefits. This provision will also extend support to students enrolled in a masters course-work program where a university has diversified by restructuring its course delivery.

1.6 The amendments also provide that TAFE or VET courses will not count toward allowable study time for the purposes of establishing eligibility for Austudy payment.

ABSTUDY crisis payments

1.7 The amendments will also allow access to a crisis payment where the claimant is already in receipt of an ABSTUDY Living Allowance. Payments may be made where a claimant is experiencing an 'extreme circumstance'. Similar crisis support is available under social security legislation, and double claiming will not be allowed.

Austudy Rent Assistance

1.8 The amendments aim to encourage mature age people to commence or resume study by providing for rent assistance to be paid to recipients of Austudy.

Issues

1.9 All submissions received broadly supported the measures contained in the bill, and where additional comments were made, they generally argued for further amendments of a similar nature to those canvassed by the bill. The National Union of Students (NUS) was typical in this regard, submitting that:

While these amendments will mean better conditions for students, it will not sufficiently address the ability for students to live and study without experiencing or being at risk of falling into poverty.¹

1.10 The Council of Australian Postgraduate Associations (CAPA) concurred, noting that rent assistance was addressed by them in a previous Senate inquiry:

CAPA is pleased to observe that this Bill extends eligibility for rent assistance to Austudy recipients, and notes that this change addresses part of recommendation 2a in CAPA's submission to the Senate's Inquiry into Student Income Support Measures (2004).²

1.11 The NUS also submitted that an increasing number of students were either having their applications for Youth Allowance rejected or not receiving Youth Allowance at the full rate, on the basis that many students continue to be assessed on their parents' income rather than their need. The NUS submitted that:

The expectation that students will continue to be financially supported by their parents (if they are deemed well-off) is unrealistic and does not allow for the individual's respective needs and situations. This issue can be rectified by reducing the current age of independence from 25 to a more accepted societal standard such as 18. Furthermore, those students who rely even partially on Youth Allowance payments for their survival are locked in to a life below the poverty line. The Youth Allowance benefit and rent assistance received by a typical student under 25 and living in a share house is 39% (\$245 a fortnight) below the Henderson poverty line. They are

1 National Union of Students, *Submission 1*, p.1. See also Universities Australia, *Submission 2*, p.1.

2 CAPA, *Submission 6*, p.1.

allowed an income bank of \$6000 however this amount has not been indexed since 1993.³

1.12 These sentiments were echoed by Universities Australia, which attached to its submission a survey on student finances, and argued that:

The Universities Australia survey showed clearly the financial difficulties many young Australians face in completing their university studies. In particular the survey showed that an increasing number of students were having their applications for Youth Allowance rejected or were not receiving Youth Allowance at the full rate. The reason is that many of these students are being assessed on the basis of their parents' income and assets. One of the important recommendations arising from the report is that the age of independence for Youth Allowance recipients should be reduced in order for university students not to be assessed on the basis of their parents' income and assets.⁴

1.13 Universities Australia, among others, pointed out that the age of independence is governed by the Social Security Act 1991, which contains a provision which indicates that the age of independence 'will be progressively reduced over time', and concluded that:

This provision has now been in place for nine years, since the passage of the *Social Security Legislation Amendment (Youth Allowance) Act 1998*, and the age of independence has not yet been reduced. An amendment to the Bill to reduce the age of independence to 18, as per the policy principle of reducing the age of independence, would greatly improve the support available to Australian university students.⁵

1.14 The Curtin Student Guild argued for an increase in the parental income test threshold at which benefits begin to be reduced, and for the exclusion of business assets, farms or superannuation savings from its assessment criteria.⁶

1.15 The NUS also raised the current threshold of earned income above which students may not collect full youth allowance. The NUS argued that a student receiving full youth allowance, and earning income to the \$6000 threshold, would still be living \$75 per fortnight below the poverty line. The NUS explained that:

As soon as students start to make any significant earnings – above \$6000 a year – their benefit is cut by 50c, and then 60c for each \$1 earned. This

3 National Union of Students, *Submission 1*, pp.1-2.

4 Universities Australia, *Submission 2*, pp.1-2.

5 Universities Australia, *Submission 2*, p.2. This recommendation was also made by, for example, the NUS, *Submission 1*, p.2, Curtin Student Guild, *Submission 3*, p.1, and CAPA, *Submission 6*, p.1.

6 Curtin Student Guild, *Submission 3*, p.1.

means that the most money a student who receives Youth Allowance benefits can expect to have per year is roughly \$17 733.⁷

1.16 The NUS recommended that, in lieu of a substantial increase in the rate of Youth Allowance, the income threshold be raised to \$12 000 in order to allow students to increase their standard of living and not be penalised for engaging in paid employment.⁸

1.17 CAPA agreed, submitting that:

Many of these students return to study later in life, often after a career change, and are more likely to be faced with challenging financial circumstances including a greater debt load through course fees, carer responsibilities and other on-going financial commitments. The current rates for Youth Allowance and Austudy place many students in extreme poverty. Even with access to rent assistance, most students are unable to live on income support alone, let alone those challenged with additional financial commitments and responsibilities.⁹

1.18 CAPA was also critical of the course eligibility provisions in the bill, which provide for income support only for those masters degree students engaged in a course deemed by the Minister to be required for entry, or to be the fastest way to achieve entry to a profession. CAPA pointed out that the measures may have limited application:

In recent Budget Estimates hearings the Department of Education Science and Training estimated that 920 Masters students in approved courses would be eligible for income support in 2008, increasing to approximately 1,470 in 2010. The most recent full-year data on enrolments published by DEST (2005) shows that there are 73,570 domestic Masters by coursework students. This estimate, along with the course eligibility requirements outlined above, suggests that these measures in their current form will allow access to income support to only a very small number of students in this group, and therefore fail to address the genuine need that has been identified in this area.¹⁰

1.19 Also directing its submission primarily at postgraduate concerns, the Sydney University Postgraduate Representative Association (SUPRA) could provide only provisional support for making Austudy available to masters degree students. While the Association supported the extension of income support to postgraduate students in principle, the absence of criteria under which eligibility would be determined caused concern. Rather, SUPRA argued for Austudy Youth Allowance to be made available

7 National Union of Students, *Submission 1*, p.2.

8 Ibid. See also Curtin Student Guild, *Submission 3*, p.1.

9 CAPA, *Submission 6*, p.2.

10 Ibid.

to all eligible postgraduate coursework students on the same terms as they are available to undergraduate students.¹¹

Conclusions and recommendations

1.20 While the committee received only a small number of submissions in relation to its inquiry, all supported the primary tenets of the bill. Revision of the eligibility requirements for Austudy to include students enrolled in some masters degree courses, was particularly popular, as was the extension of rent assistance to those in receipt of Austudy.

1.21 Evidence of the difficulty experienced by many students in making ends meet was not unexpected following evidence taken by the committee in its 2004 inquiry into student income support, and the committee noted the continuing financial constraints which exist for many students. However, radical changes to student financial support are outside the remit of this inquiry, and the committee is mindful that measures contained in this bill will ease matters for postgraduate students, many of whom shoulder a heavier financial burden than undergraduates. The committee recommends the passing of the bill.

Recommendation

The committee recommends that the bill be passed.

Senator the Hon. Judith Troeth

Chairman

11 SUPRA, *Submission 4*, p.1.

