

Chapter 2

Opposition Senators' report

Introduction

2.1 The *Social Security Amendment (2007 Budget Measures for Students) Bill 2007* was introduced into the House of Representatives on 21 June. The Selection of Bills committee referred the legislation on the same day to the Senate Employment, Workplace Relations and Education Committee for inquiry and report by 30 July 2007.

Background

2.2 This bill gives effect to measures announced in the 2007-08 Budget concerning income support for students and updates aspects of the administration of the ABSTUDY and the Assistance for Isolated Children (AIC) schemes, in line with similar provisions under the *Social Security Act 1991*.

2.3 The bill extends eligibility for Austudy payments to students undertaking masters degrees and expands the eligibility for Rent Assistance to all Austudy recipients. The bill also makes minor amendments to the act to bring processes for ABSTUDY and AIC payments into line with other allowances when money is deposited into an incorrect financial institution and to allow data to be transferred electronically for administrative purposes. The total financial impact of the bill is \$130.2 million over the forward estimates.

Issues

Income Support

2.4 Against a range of measures, the evidence suggests that Australian university students are increasingly being confronted by daily financial hardship. This was demonstrated clearly in a number of the submissions received by the inquiry.

2.5 Universities Australia welcomed the budget measures, noting that they will provide better financial support for many students. The submission argued, however, that the measures did not go far enough. In particular, Universities Australia was critical of the fact that narrowly defined criteria for Youth Allowance eligibility was preventing many students from gaining income support assistance.

2.6 The submission argued that the financial difficulties young Australians face in completing their university studies was exacerbated by an increasing number of students having their applications for Youth Allowance rejected or 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.¹ This was in turn placing an unreasonable financial burden on many students more generally.

2.7 Universities Australia provided its 9 March report, *'Australian University Student Finances 2006'*, to the Committee to support its contention that university students at all levels are increasingly faced with financial hardship. The 9 March report found that 40 per cent of full-time students and 33 per cent of part-time students believed the jobs they were doing were having an adverse impact on their studies; 22 per cent of full-time students and 33 per cent of part-time students regularly missed classes because they had to work; and that the number of students incurring a debt has more than doubled from 11 per cent in 2000 to 24 per cent today.

2.8 Universities Australia argued 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.' It also pointed out that the *Social Security Act 1991* governs the age of independence, and that the act contains a provision indicating that the age of independence 'will be progressively reduced over time'. Universities Australia observed that this provision has 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. It argued that 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.²

2.9 Both the National Union of Students (NUS) and the Council of Australian Postgraduate Associations (CAPA) also welcomed the budget measures, as did university-specific student organisations.

2.10 Both NUS and CAPA noted that of themselves, the measures are only part of the answer to redressing the financial hardship of university students.

2.11 The NUS submission noted that as a general proposition, the budget measures would not 'sufficiently address the ability for students to live and study without experiencing or being at risk of falling into poverty'.³ NUS also argued 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.⁴

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

² *Ibid*, p.2. See also NUS, *Submission 1*, p.2, Curtin Student Guild, *Submission 3*, p.1, and CAPA, *Submission 6*, p.1.

³ National Union of Students, *Submission 1*, p.1.

⁴ *Ibid*.

2.12 The Curtin Student Guild also argued for an increase in the parental income test threshold. It also argued for the exclusion of business assets, farms or superannuation savings from its assessment criteria.⁵

2.13 The CAPA submission, while particularly welcoming the measure to extend rent assistance to Austudy recipients, was critical that insufficient effort had been made to provide genuine income support assistance, and that

...the current rates for Youth Allowance and Austudy place many students in extreme poverty.” It further noted that “...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.”⁶

2.14 The CAPA submission made a number of recommendations, including that:

access to income support be extended to all students studying at postgraduate level to include both coursework and research higher degrees, regardless of the nature of the course in which they are enrolled.”⁷

2.15 The base rates of Youth Allowance and Austudy be raised to, and remain above, the relevant Henderson Poverty Line.

2.16 The age of independence be reduced to 18 years of age to bring it into line with most other measures of social and financial responsibility.

Eligibility requirements

2.17 CAPA was also critical of the course eligibility provisions of the bill. The bill provides that only masters courses required for entry to a profession, or exist as a result of a course restructure, will be eligible for income support assistance, and that course eligibility will be at the discretion of the minister. CAPA argued 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.⁸

Conclusion

2.18 Labor senators note that the submissions supported the overall objectives of the budget measures contained in this bill. In light of the evidence presented to the committee, these measures are long-overdue.

⁵ Curtin Student Guild, *Submission 3*, p.1.

⁶ CAPA, *Submission*, p.2.

⁷ Ibid.

⁸ Ibid

2.19 However, Labor senators also noted the views expressed by the minister for Education, Julie Bishop, at the time of the release of the Universities Australia report *Australian University Student Finances*, that students should be more frugal in their living arrangements. This view assumes that student financial constraints are determined by lifestyle and not by genuine hardship. This view is inconsistent with the sentiment expressed by all submissions received by the inquiry and Labor senators strongly disagree with the minister's sentiment. The minister's flippancy in this regard is deeply disturbing.

2.20 The fact that the submissions also went beyond the immediate remit of the scope of this Inquiry to call for changes to the Youth Allowance eligibility indicates that this is an area of urgent attention.

Recommendation

Labor Senators support the provisions of the bill, but note additional Income Support measures for university students at all levels need to be provided.

**Senator Gavin Marshall
Deputy Chair**