

The Senate

Standing Committee on
Employment, Workplace Relations
and Education

Social Security Legislation Amendment
(2007 Budget Measures for Students) Bill
2007 [Provisions]

July 2007

© Commonwealth of Australia 2007

ISBN 978-0-642-71835-8

This document was produced by the Senate Standing Committee on Employment, Workplace Relations and Education and printed by the Senate Printing Unit, Department of the Senate, Parliament House, Canberra.

Members of the Committee

Members

Senator Judith Troeth	LP, Victoria	Chairman
Senator Gavin Marshall	ALP, Victoria	Deputy Chair
Senator Guy Barnett	LP, Tasmania	
Senator George Campbell	ALP, New South Wales	
Senator Mary Jo Fisher	LP, South Australia	
Senator Ross Lightfoot	LP, Western Australia	
Senator Anne McEwen	ALP, South Australia	
Senator Natasha Stott Despoja	AD, South Australia	

Senators participating in this inquiry

Senator Rachel Siewert	AG, Western Australia
------------------------	-----------------------

Secretariat

Mr John Carter, Secretary
Mr Tim Watling, Principal Research Officer
Ms Candice Lester, Executive Assistant

Senate Employment, Workplace Relations and Education Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600
Australia
Phone: 02 6277 3521
Fax: 02 6277 5706
Email: eet.sen@aph.gov.au
Internet: www.aph.gov.au/Senate/committee/eet_ctte/index.htm

Table of Contents

Members of the Committee	iii
Chapter 1	1
Report	1
Introduction	1
Conduct of the inquiry	1
Summary of amendments	1
Issues	2
Conclusions and recommendations	5
Chapter 2	7
Opposition Senators' report	7
Introduction	7
Background.....	7
Issues	7
Conclusion	9
Chapter 3	11
Supplementary Report by the Australian Democrats	11
Appendix 1	13
List of submissions	13

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.

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

Chapter 3

Supplementary Report by the Australian Democrats

3.1 The Australian Democrats support the provisions contained in the *Social Security Amendment (2007 Budget Measures for Students) Bill 2007*. The two significant measures in this bill extend rent assistance to Austudy recipients and allow certain postgraduate students to access Austudy and Youth Allowance. The former measure in particular is one the Democrats have long called for.

3.2 The measures contained in this bill should go some way towards alleviating the financial burden faced by students across the country as a result of rapid increases in tuition fees at university and also the rising costs of food, accommodation and other basic living costs across the wider community.

3.3 It is important to note though, that the two key measures in this bill constitute government outlays of \$86.9m and \$43.3m spread over four years – a small amount in the context of the higher education budget. It suggests that these two measures alone will not significantly address affordability.

3.4 In fact, figures in the Universities Australia (formerly Australian Vice-Chancellors' Committee) report, Australian University Student Finances 2006, showed that 30.4 per cent of full-time students received Youth Allowance and 4.8 per cent received Austudy compared to 29.7 per cent and 12.7 per cent respectively in 2000. Yet 12.8 per cent of full-time students had their applications for income support rejected, versus 9 per cent in 2000. This suggests a tightening of access to student income support.

3.5 Much more needs to be done to make university study more affordable for financially disadvantaged students. The Australian Democrats support in-principle many of the suggestions raised in the submissions to this inquiry, especially that:

- Income support measures be available to all postgraduate students;
- The age of independence be reduce to 18 years of age; and
- Rates of Youth Allowance and Austudy be pegged to a level equivalent to or above the Henderson Poverty Line.

3.6 The Australian Democrats also note that the government still has not responded to the Senate Inquiry into Student Income Support two years after the final report was tabled. This report listed 15 recommendations for the government to consider and as yet neither the Senate nor the university sector has any clarity as to the government's position on these recommendations.

Senator Natasha Despoja
Australian Democrats

Appendix 1

List of submissions

Sub No.	Submitter
1	National Union of Students, Vic
2	Universities Australia, ACT
3	Curtin Student Guild, WA
4	National Disability Services, ACT
5	Sydney University Postgraduate Representative Association, NSW
6	Council of Australian Postgraduate Associations Incorporated, VIC
7	Department of Education, Science and Training, ACT