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National President 2007
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Mr John Carter
Secretary
The Senate Standing Committee on Employment, Workplace Relations and Education
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Parliament House
Canberra ACT 2600
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9 July 2007

Dear Mr Carter,

**Re: Inquiry into the provisions of the
Social Security Amendment (2007 Measures No. 1) Bill 2007 and the
*Social Security Amendment (2007 Budget Measures for Students) Bill 2007***

The National Union of Students welcomes the opportunity to make a submission on the provisions contained in the *Social Security Amendment (2007 Measures No. 1) Bill 2007* and the *Social Security Amendment (2007 Budget Measures for Students) Bill 2007*. The National Union of students represents over 600,000 tertiary students across Australia and as such this submission concentrates on the parts of the Bills that affect university students.

The National Union of Students supports the provision relating to Youth Allowance contained in the *Social Security Amendment (2007 Measures No. 1) Bill 2007* as it will ensure that students can access the correct welfare services and reduces the risk of unwarranted debt to Centrelink.

The National Union of Students welcomes the amendments contained in the *Social Security Amendment (2007 Budget Measures for Students) Bill 2007*, however further changes are still needed. 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.

The latest Universities Australia survey on student finances illustrated the difficulties faced by many students attempting to work so that they can afford to study. This has led to increased stress and drop-out rates as well as decreased class attendance, standard of living and quality of education. In order to allow students to experience a quality education that will not only benefit them, but the whole nation, students must be given financial assistance sufficient to allow them to devote themselves to their study.

An increasing number of students are having their applications for Youth Allowance rejected or not receiving Youth Allowance at the full rate, negatively impacting their studies and quality of life. The reason for this is that many students continue to be assessed on their parents' income rather than their need. 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.

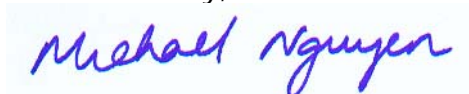
Furthermore, those students who rely even partially on Youth Allowance payments for their survival are locked in to a life below the poverty line. The Youth Allowance benefit and rent assistance received by a typical student under 25 and living in a share house is 39% (\$245 a fortnight) below the Henderson poverty line. They are allowed an income bank of \$6000 however this amount has not been indexed since 1993.

This raises the most pressing issue, which is the issue of additional work that is allowed under the current system with an income bank of only \$6000. The outcome of the current policy is that a student receiving the maximum Youth Allowance benefit and working to receive the maximum income before their payments started being reduced would still be \$75 a fortnight below the poverty line. 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 means that the most money a student who receives Youth Allowance benefits can expect to have per year is roughly \$17,733.

In policy terms the Commonwealth needs to decide whether it is meant to be a liveable income or an income supplement. If the policy stance is the former then the benefits should be raised to the poverty line. If it is just an income supplement then the income bank should be considerably increased so that students can work out an appropriate personal trade-off between work, study and a lifestyle that is not mired in a bureaucratically imposed poverty trap. A future government that was really serious about opening up access for the disadvantaged to universities would do both.

In order to address the financial hardship imposed on students by this system, the National Union of Students **recommends that the rate of Youth Allowance be raised to at least the poverty line. Failing this, the Union recommends that the Income Bank 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. The National Union of Students also **recommends a reduction of the age of independence from 25 to 18.**

Yours sincerely,



Michael Nguyen
National President
National Union of Students inc.

Prepared by Pete Johnson, NUS National Executive 2007
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