

Submission

to

Senate Employment, Workplace Relations and Education
Legislation Committee

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

Submitter: Mr Murray Kimber
Branch Manager
Income Support for Students Branch
Strategic, Analysis & Evaluation Group

Organisation: The Department of Education, Science and Training

Address: GPO Box 9880
Canberra ACT 2601

Phone: (02) 6240 7977

Fax: (02) 6240 9187

Email: Murray.Kimber@dest.gov.au



Australian Government

Department of Education, Science and Training

**Submission to the Senate Employment, Workplace Relations
and Education Legislation Committee**

**Social Security Legislation Amendment (2007 Budget
Measures for Students) Bill 2007**

and

Social Security Amendment (2007 Measures No. 1) Bill 2007

**Strategic Analysis and Evaluation Group
14 Mort Street
GPO Box 9880
Canberra ACT 2601**

13 July 2007

Introduction

The purpose of this submission is to provide information on the Social Security Legislation Amendment (2007 Budget Measures for Students) Bill 2007 and the Social Security Amendment (2007 Measures No. 1) Bill 2007.

Social Security Amendment (2007 Measures No. 1) Bill 2007

The Social Security Amendment (2007 Measures No. 1) Bill 2007 addresses an aspect of the *Social Security Act 1991* in terms of full-time students on Youth Allowance who seek to transfer as job seekers while remaining on Youth Allowance. The Youth Allowance (other) payment is administered by the Department of Employment and Workplace Relations who initiated this legislative amendment.

The provision reinforces the obligation on full-time students on Youth Allowance to notify Centrelink of a change in their circumstances regarding the participation requirements for the receiving this payment. The provision ensures that timely notification of cessation in studying is provided and that young people seeking the jobseeker payment under Youth Allowance abide by, within a two week period, the obligations that apply to the jobseeker payment. The provision will ensure that Youth Allowance (other) recipients with participation requirements are only paid from the date they apply as a jobseeker and commence engagement with a provider of Australian Government employment services. This will encourage young people transferring to Youth Allowance (other) from Youth Allowance (student) to link up promptly with assistance for job searching when they cease full-time study.

By removing an unintended policy loophole, the provision will reduce the current level of overpayments that are being paid to young people who have ceased studying but who have not met their jobseeker obligations. The measure is estimated to provide a net saving to Budget of \$1.6 million over four years.

The provision aligns obligations for students and Australian Apprentices under Youth Allowance with the requirements under ABSTUDY thereby removing an apparent anomaly in the current arrangements.

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

Social Security Legislation Amendment (2007 Budget Measures for Students) Bill 2007 gives effect to measures concerning students receiving income support payments which were announced in the Budget on 8 May 2007. These measures enhance the delivery of income support and provide a significant benefit to students and their families at a cost to Budget of \$135 million over four years.

The Bill will amend two Acts – the *Student Assistance Act 1973* and the *Social Security Act 1991*.

Overview of the Bill

The Bill includes provisions:

- To assist students to acquire the skills and training they need for careers which make a significant contribution to the Australian economy, the Bill extends eligibility for Youth Allowance and Austudy to certain masters by course-work degree students.

- To allow a person who has already attained a master's degree to receive further assistance to study, the Bill removes the current restriction that prohibits such access. This amendment responds to the extension of eligibility to certain Masters by course-work degrees and aligns the treatment of such individuals with others who achieved lower level qualifications. The provision maintains consistency with existing provisions within the Act.
- To simplify the processes currently used by Centrelink to recover incorrectly deposited ABSTUDY and the Assistance for Isolated Children (AIC) schemes payments, the Bill aligns these aspects of the schemes' administration.
- To allow the issuing of notices for data transfer processes required by Centrelink for the administration of the ABSTUDY and AIC schemes, the Bill incorporates recent technologies that are already available to other social security payments under the *Social Security Act 1991* to be extended to ABSTUDY and the AIC schemes.
- To allow ABSTUDY recipients to have access to a crisis payment under the ABSTUDY scheme, the Bill provides for a multiple exclusion clause to operate in terms of preventing the availability of the Crisis Payment under the *Social Security Act 1991* for the same event. This provision will also be reflected in the ABSTUDY Guidelines.
- To increase the attraction for mature age people to participate in education, the Bill allows for rent assistance to be paid to students aged 25 years and over who receive Austudy.

Eligibility for masters by course-work degrees

Extending income support to Master level study, where this is required for professional entry, will assist low income students who require financial assistance to complete a professional qualification. The measure will cost some \$43 million over four years.

The measure responds to an increasing trend to increase the qualifications required for professional entry. It will enhance Australia's international competitiveness.

This measure also responds to changing university course structures such as the new course structure being introduced at Melbourne University, commencing in 2008.

Amendments to support the administration of ABSTUDY and the AIC schemes

Amendments to the *Student Assistance Act 1973* will simplify the processes used by the Australian Government (as represented by Centrelink) for the provision of services to the ABSTUDY and the AIC schemes. For example, allowing notices to be given electronically will enable a direct data transfer from school systems to Centrelink, negating the need for written notices, significantly reducing the workload for schools and families. These changes do not impact on the privacy provisions set out in the *Privacy or Data Matching Acts*.

Rent Assistance for Austudy

The Rent Assistance measure will contribute to the Government's strategy for increasing the nation's skills base at a time of critical skills shortages. It will assist mature-age students improve their skill levels for sustainable employment. The

measure will support mature-age participation in higher education and other tertiary study, targeting students from low income backgrounds and those from rural and regional areas.

At a cost of \$87 million over four years, around 11,000 students will benefit through the provision on average of \$77 per fortnight with assistance in meeting the cost of private rent.

Amendments to the *Student Assistance Act 1973*

The Bill will update schedule 1 of the *Student Assistance Act 1973*, to provide legislative support for the provision of services to ABSTUDY and the Assistance for Isolated Children (AIC) schemes.

The first amendment aims to simplify the processes currently used by the Australian Government (as represented by Centrelink) to recover payment(s) made under the ABSTUDY and Assistance for Isolated Children schemes that have been deposited into an incorrect financial institution account. This imposes a requirement on financial institutions to return the funds upon notification. This is consistent with the provisions of the *Social Security Act 1991*.

The second amendment will allow notices issued under section(s) 343, 344 or 345 to be issued electronically. This amendment is required to incorporate current technologies and data transfer processes currently used by Centrelink for other student income support payments into the administration of the ABSTUDY and AIC schemes. This will streamline the provision of information for the benefit of schools, parents and Centrelink. Allowing notices to be given electronically will enable a direct data transfer from school systems to Centrelink and will significantly reduce the workload for schools, families and Centrelink. These arrangements are currently used for students on Youth Allowance and do not impact on the *Privacy or Data Matching Acts* in terms of the provisions of privacy and the security of information.

Amendments to the *Social Security Act 1991*

Amendments to the *Social Security Act 1991*, under schedule 2, insert a new category of Level of Course to the levels of eligible study. This adds master's degrees as eligible courses and removes the current restriction on Austudy recipients which prevents them from receiving payment if they have already gained a master's level degree.

The amendments also attach rent assistance payments to Austudy to increase the support for mature age people participating in education. Items 1, 3 and 6 to 8 clarify existing policy by inserting that a course supplied by a VET provider qualifies along with a TAFE course. This updates terminology to reflect current usage.

From 1 January 2008, students enrolled in an approved master's by coursework program, which is required for entry to a profession, or is the fastest pathway to professional entry, will be eligible for youth allowance and Austudy payments. This provision will also extend to students enrolled in a master's coursework program where a university has diversified by restructuring its course delivery. The Minister for Education, Science and Training will determine approved courses on application by higher education providers. The legislative amendment makes provision for the approval process.

The extension of Youth Allowance and Austudy to include approved professional master's degrees responds to a growing trend to increase the level of qualification

required for professional entry. The measure enhances Australia's international competitiveness, will assist in addressing Australia's skill needs and contributes to the nation's skill development. The measure ensures that low-income students have the financial assistance they require to complete a master's degree to obtain entry to a profession.

To maintain consistency with student income support policy, as defined by the Act, and the new amendment which extends income support to master's courses, an additional amendment is required to remove the current restriction on the provision of income support to students who have already attained a master's degree. This amendment has no effect on the existing allowable time and progress rules, which are maintained. It also does not apply to students who have attained a doctorate.

From 1 January 2008, Indigenous students in receipt of the ABSTUDY living allowance will be able to access crisis payment under the ABSTUDY scheme. Amendments to the Social Security Act 1991 will clarify that a social security crisis payment is not payable if the person is qualified for an ABSTUDY crisis payment in respect of the same circumstance.

Items 12 to 17 provide access to rent assistance for eligible Austudy students. From 1 January 2008, students aged 25 years and over who receive Austudy will be able, if eligible, to receive assistance with their rental accommodation expenses. This amendment provides additional support for mature age students from low-income backgrounds, providing them with the opportunity to participate in education and training. Extending eligibility for rent assistance to include recipients of Austudy brings this payment into line with other income support recipients, such as those receiving Youth Allowance and Newstart.