

Chapter 2

Opposition Senators' Report

2.1 Opposition senators make a supplementary report on this inquiry, first in order to relate this 'machinery legislation' to the absence of sensible government policy on student income support, as exposed by the reference committee's June 2005 report. This bill formally closes the Student Financial Supplement Scheme, which administratively ceased at the end of 2004, and no replacement appears likely.

2.2 A second point in this report acknowledges that the Opposition proposes to move in the House of Representatives an amendment relating to the scope of extrinsic materials referred to in Regulations, and also reflect the undertaking given by DEST in response to questions addressed on notice to DEST by the committee. DEST has also agreed to recommend to the Minister that the Explanatory Memorandum be amended to correct a misleading reference to ABSTUDY and the Assistance for Isolated Children Scheme Policy Manuals in relation to subsection 48(2) of the bill.

Closure of the Student Financial Supplement Scheme

2.3 Last year, the Government decided to administratively close down this Scheme because they could not get support in the Senate to close it by legislation. The Government then refused to make a new contract with a financial institution.

2.4 In 2002, the last year of the Scheme's operation, just under 40,000 students applied for and accepted loans. Of these students, 15.6 per cent were indigenous, 15.2 per cent were recorded as single parenting payment recipients, 12.2 per cent were not born in Australia and 54.7 per cent were women. These figures reinforce 2003 data provided by the Government that disclosed that the largest beneficiaries of these loans were low income earners (single parents, disabled and indigenous students) with no access to support from other sources, such as their parents, or who were without jobs.

2.5 The SFSS assisted the most financially vulnerable students, without which continuation of their studies was put at grave risk. For this reason, Opposition senators remain very concerned that closure of this financial support scheme has been undertaken without any replacement. Opposition senators again draw the Senate's attention to the June 2005 report of the references committee on student income support. This exposed the severe shortcomings of the Government in this area of public policy.

2.6 The preface to the report records that:

Over the last decade the student income support system has operated in a policy vacuum. It is now showing the signs of this neglect. The Government's preoccupation with program efficiency over policy effectiveness and continuing problems with Centrelink's delivery of payments have taken their toll on students. The current level of income

support does not come close to providing students with a decent living wage to cover the cost of accommodation, food, bills and transport. The level of income support has been falling steadily behind the rising cost of living. This has resulted in many students experiencing severe financial hardship and poverty.

2.7 Under the heading of 'Policy Neglect', the report states that:

...the student income support system has operated in a policy vacuum for too long, and is showing clear signs of policy neglect and poor service delivery. Many witnesses conveyed a strong view that the drift in student income support policy is not only unacceptable but has become an important factor contributing to the financial hardship of many students... One of the consequences of this neglect is that the increasing financial hardship among the student population is not included on the national policy agenda.

2.8 The evidence presented to the references committee about the effects of the increasingly long hours that many students are being required to work, compelled an unusually blunt warning in the following terms:

There is general agreement among students and academic experts that Government measures are needed to arrest the deteriorating state of student finances. Without Government intervention, a combined weekly total of 60 hours of full-time study and part-time work will soon become the norm for a majority of students. The committee believes this is an unacceptable scenario for students to have to face.

2.9 Finally, the committee emphasised in its report that:

Supplementing income support payments with paid employment is no longer an added extra for many students. Part-time work has become a necessity for students just to make ends meet. They are working longer hours than before to the detriment of their studies and their overall experience of university. The committee believes the financial situation of many students under the policies of the Howard Government is grim, and that the evidence presented to the committee during the inquiry shows that it has deteriorated even further over the past few years.

2.10 In the face of this detailed and comprehensive report into the need for effective income support programs for disadvantaged and low-income students, Opposition senators deplore the Howard Government's only action in this policy area: to close down the SFSS, without an alternative policy or program in to replace it.

Scrutiny of Regulations

2.11 This bill also contains a clause unrelated to the closure of the SFSS but potentially and significantly important in relation to two further income support schemes.

2.12 In Schedule 2, Part 2 of the bill, Item 10 adds proposed subsection 48(2) to the Student Assistance Act. That clause would remove the need to make new regulations each time the guidelines for student assistance schemes are altered. Such a provision is described by the Government as 'a minor technical amendment' but advice from the Parliamentary Library indicates otherwise, and may have major consequences for parliamentary oversight of important elements of these two schemes.

2.13 One of the proper roles for any legislature is to ensure appropriate scrutiny of the proposals and actions of the executive. Such accountability requirements occur in relation to all instruments of legislative authority. This is particularly the case for non statutory programs such as ABSTUDY.

2.14 In written answers to questions from the committee, the Department of Education, Science and Training (DEST) informed the committee that references to ABSTUDY and the Assistance for Isolated Children Scheme Policy Manuals have recently been removed from the Regulations. The Department proposed that they recommend to the Minister that the Explanatory Memorandum be amended to correct this misleading reference.

2.15 DEST also referred to concerns expressed in the Parliamentary Library Research Service *Bills Digest* regarding this bill: concerns which are shared by Opposition senators. DEST proposed recommending to the Minister that he 'include an express statement that, to remove doubt, the power in proposed subsection 48(2) is not intended to permit the determination of prescribed events in extrinsic materials and that prescribed events may only be determined expressly in the Regulations'.

2.16 While it is unclear whether the Minister has agreed to take this action, or how he would make such an express statement, Opposition senators welcome this approach from the Department. The committee awaits with interest the Minister's statements on this matter during debate in the House of Representatives, and in particular, if there is continuing need for a clarifying amendment to the bill.

Senator Gavin Marshall
Deputy Chair

