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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

**SOCIAL SECURITY AND OTHER
LEGISLATION AMENDMENT (INCOME
SUPPORT FOR STUDENTS) BILL 2009**

Second Reading

SPEECH

Tuesday, 27 October 2009

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Gillard, Julia, MP

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Ms GILLARD (Lalor—Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion) (5.51 pm)—in reply—I thank members who have spoken on the Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009. In the way of these things, the quality of contribution has varied. But there we have it; that is our great parliamentary debating system at work.

I say to the last member who spoke, who gave a contribution that I think mirrored some of the things said by many opposition members during this debate, that I agree with him. I agree that the legacy of the Howard government for disadvantaged kids from country Australia is a truly shocking one; I agree with that. I agree that the legacy of the Howard government is that kids in his electorate do it tough. This government, piece by piece, bit by bit, is delivering an education revolution to make a difference to just that.

I would ask the member to reflect on the fact—which he knows, as I know—that disadvantage starts in the early years. This is a government that is investing in the early years to make a difference to disadvantage. The Howard government was the government that had us coming at the back of the class in the OECD. I think the member would acknowledge that this is a government investing in disadvantaged schools to make a difference. Under the Howard government no-one even bothered to ask for a list of disadvantaged schools, so disconnected were they from the reality of education today.

Nothing was done by the Howard government to put the best teachers in front of the classrooms that needed them the most. Nothing was done on a national curriculum. Nothing was done on the question of school leadership. Nothing effective was done on the question of literacy and numeracy. Then higher education was the subject of cutbacks, so people from the member's electorate could not get opportunities in universities. We put universities on a growth path. The Howard government never bothered to try to work through the issue of how to get universities to enrol more people from low-SES backgrounds, including rural and regional backgrounds. The Bradley reforms delivered that.

Against this track record of neglect it has fallen to this government to make a difference for country kids—for rural and regional kids. This bill is doing just that. This bill, the Social Security and other Legislation Amendment (Income Support for Students) Bill 2009, amends the Social Security Act 1991 to implement a key aspect of this government's landmark reform agenda for higher education and research after a decade of neglect. It has fallen to us to revitalise Australia's university system, to put it on a growth path and to make a difference for the most disadvantaged students. This bill contains the government's response to the recommendation on student income support from the Bradley Review of Australian Higher Education.

Student income support and other financial assistance is critically important to getting financially disadvantaged students into higher education. The measures contained in this bill ensure that student income support payments are better targeted and will provide more assistance to those students who need it the most. These reforms must be passed if we are to open up our university system to young Australians from disadvantaged backgrounds, something the Howard government cared nothing about and that we are acting on. We know from statistics that the Howard government's legacy is a track record of failure.

To those opposition members who have participated in this debate, somehow assuming that under the Howard government there was some sort of Nirvana for country children, I point to the following statistics—the crushing reality that ought to require them to reconsider their position. Under the failed old system of student income support—the Howard government system—the participation of low-SES students languished at around 15 per cent, against a population share of 25 per cent. Participation by regional students at university fell to 18 per cent, against a population share of 25.4 per cent—underrepresented and going backwards under the Howard government's student income support system.

Even some Liberals have finally been prepared to say that the system they created has failed. I refer to the contributions of the member for Casey when he was the shadow education minister, who at least had the courage

to pan the former government's scheme, in a speech a little more than a year ago, when he said about the Howard government's student income support scheme:

... it has become too easy for students from affluent backgrounds to qualify and too difficult for students from modest backgrounds ...

He was right. He further noted that the current system:

... particularly disadvantages many students—particularly those from the country—who have to leave home to study, and has resulted in a situation where record numbers of students ... defer their studies with many of them taking a year off to earn money to qualify for independence for Youth Allowance and possibly not returning.

He was right about that—a good perceptive criticism of the circumstances the Howard government had left regional and rural students in.

Under the current system the parental income threshold for students to access support as dependents has become so low that many students have thought that the only way to gain access to student income support is to qualify as independent youth allowance recipients. This has often caused them to delay their studies for a year, potentially not returning. Many of these young people are not actually financially independent of their parents. The Bradley review found that as a result of the current independence test youth allowance is being accessed by some students who are living at home in higher-income households.

For example, the review found that 36 per cent of independent students living at home were from families with incomes above \$100,000 per year, 18 per cent were from families with incomes above \$150,000, 10 per cent were from families with incomes above \$200,000 and three per cent were from families with incomes above \$300,000. Yes—you heard that right: government dollars going to kids who live at home in households that earn more than \$300,000 a year whilst the participation rate of poorer students and country kids is going backwards. Someone had to fix that disgraceful situation. The government has made the sensible decision, in view of this track record of failure and inequity, to tighten policies—

Opposition members interjecting—

Ms GILLARD—The disgrace I refer to is the fact that the two opposition members at the table were participants, as ministers, in a government that watched country kids and poorer kids go backwards, go out the back door whilst they cheerfully made sure that kids who lived at home in families with incomes over \$300,000 per year got precious taxpayer support. That is the record of the Liberal Party members sitting at the table—a disgrace. We are fixing this disgrace. We have made the sensible decision to tighten the current workforce participation criteria for independence in line with the recommendation of the Bradley review, and we are redirecting funding into a massive suite of reforms.

Parental income will now be the primary measure of eligibility. More students who previously had to prove independence and wait 18 months to receive support will now be able to access support automatically as dependants through the raised parental income test. Key elements of our changes include the fact that all students who receive youth allowance will receive a \$2,254 start-up scholarship every year unless they are currently receiving another equivalent Commonwealth scholarship. This will benefit around 150,000 students next year. The parental income test will be raised so that families with two children studying away from home can earn more than \$140,000 before their allowance is cut completely. The higher parental income test particularly recognises the needs of families whose children need to move away from home to study—and the member for New England referred to that. Over 100,000 students will benefit from either receiving the allowance for the first time or getting a higher rate of allowance.

Students who want to move to study may be eligible for an additional relocation scholarship—and the member for New England referred to that—worth \$4,000 in the first year of study and \$1,000 in each subsequent year. This will particularly benefit rural and regional students. From 1 July 2010 students will be able to earn \$400 a fortnight up from \$236 without having their payments reduced. The age of independence will reduce progressively from 25 years to 22 years by 2012, which will see an estimated 7,600 new recipients of the independent rate of allowance. The reforms to Youth Allowance will have consequential effects for Abstudy and in some cases Austudy.

Now let us have a look at who has endorsed these reforms and we find people who care about education. The Group of Eight universities has endorsed these reforms; the Australian Technology Network has endorsed these reforms; the National Union of Students said of our budget measures:

This is a big win for students, a substantial investment in future productivity and jobs.

The National Union of Students said on budget night:

Thumbs up for massive education funding, thumbs up for massive student income support.

Universities Australia, the peak university organisation, has lauded these changes saying:

Lowering the age of independence progressively from 25 years to 22, and ensuring student support can be claimed by more of those students who are truly in need is commendable.

This is a system that deserves the support of this place and of the Senate. Can I say, obviously in the transition to the new system there are a number of students who told us, while they liked the new system and they understood why we were changing the system, they were concerned that current gap year students who needed to move to study would be caught between the old and the new systems. After wide consultation the government announced a transition measure to allow gap year students, who completed school in 2008 and who need to move to study, until 30 June 2010 to qualify for independent status under the workforce participation criterion. This will be financed by delaying until 1 July 2012 the introduction of an increase to the amount of money students can earn from part-time work while receiving income support to \$400 per fortnight. These were sensible changes that have been welcomed by students and the peak organisation of universities.

Unfortunately the coalition, presumably still wedded to its past track record of discriminating against country kids and poorer kids and favouring kids who live at home in richer households, has not as yet indicated that it will pass this bill in full. Inexplicably it has put forward amendments before the House that will permanently cut support to students to deal with what is essentially a transition issue. The coalition wants to delay the new independence criteria by a year for all students including those living at home, but to do this it wants to rip almost \$700 million from scholarships by permanently—it is an important word, permanently—reducing the value of the new student start-up scholarship to \$1,000 per annum, a permanent cut to the amount of money going to students. This will cost students on income support over \$3,700 over a three-year degree and leave 150,000 students worse off. That is what the coalition amendments mean. Now, clearly, they need to be rejected on that basis.

I would also note that, whilst the coalition have put forward a fig leaf of \$120 million for a rural and regional scholarship to try and disguise this permanent cut, there are absolutely no criteria attached to it. So how do we know the coalition will not be back to their old tricks of making sure that students in upper income households get this money, because that is the system that they used to operate in government and did nothing about? Students who are at the centre of these reforms do not support the coalition amendments. The National Union of Students has called these proposed amendments—and I quote—‘scabby and sloppy.’ That is the approach of the coalition in their amendments.

The government will not support these scabby and sloppy amendments. We will not support a \$700 million rip-off out of scholarships. Clearly the coalition, after their track record in government, come to this debate with no credibility. We will press to have this bill passed not only here this evening but also through the Senate and it will be clearly to the disadvantage of Australian students, a disadvantage for which the coalition will be fully responsible, if they do not pass these Bradley inspired reforms in the Senate expeditiously. With those words I commend this bill to the House and I urge all members to support this bill in its entirety.

Question agreed to.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.