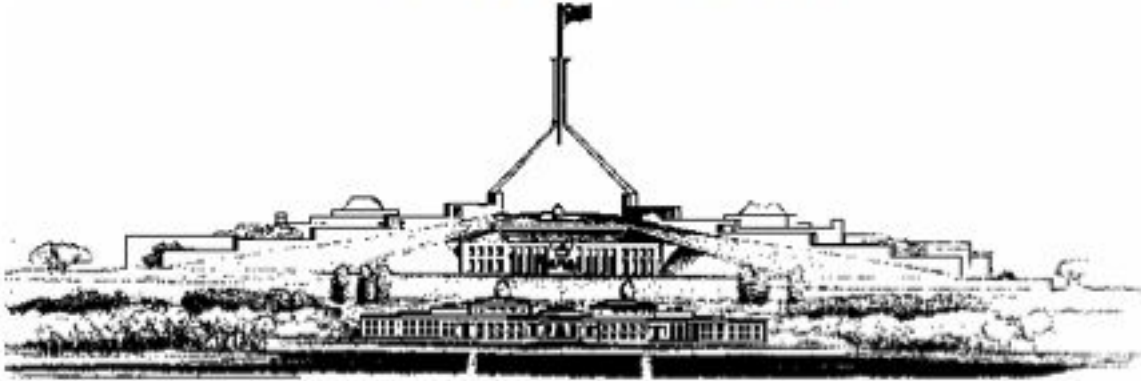




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

**SOCIAL SECURITY AND OTHER
LEGISLATION AMENDMENT (INCOME
SUPPORT FOR STUDENTS) BILL 2009 [NO. 2]**

Second Reading

SPEECH

Wednesday, 25 November 2009

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date	Wednesday, 25 November 2009	Source	House
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Questioner		Responder	
Speaker	Gillard, Julia, MP	Question No.	

Ms GILLARD (Lalor—Minister for Education, Minister for Employment and Workplace Relations and Minister for Social Inclusion) (5.39 pm)—I move:

That this bill be now read a second time.

It is a pity that the debate about student income reform has come to this. May I remind the House of how we reached the point where I am introducing a bill for student income reform that is comparable to a bill that I introduced earlier this year. I think it would weigh on the minds of those on the Liberal and National parties' side of the parliament to reflect on how we got here.

When the government was elected in 2007, the circumstances were that the participation rate of country kids at our universities was going down; the participation rate of students from poorer backgrounds, from low-SES households, was going down. While this was happening it was an open secret that our student income support system was not working effectively and, in particular, that a significant number of students from upper-income families, families earning more than \$200,000 or \$300,000 a year, were living at home and getting full youth allowance. These facts were known.

The then Howard government—and obviously many members of today's opposition were members of the Howard government either as frontbench ministers or backbenchers—took no steps to address this matter. There was no talk then, under the Howard government, of additional steps to assist rural and regional students. There was no talk then, as Peter Costello delivered more than 10 budgets, of allocating an additional \$1 billion to student income support. Even though these problems were known, the Howard government had no plan to act, and it is my recollection that at the 2007 election the then Howard government had announced no plan to act.

Consequently, when we were elected in 2007 we recognised that there were significant problems for Australia's universities, which were underfunded; significant problems with lack of reform in the system, which was ossified; and significant problems with equity and participation in higher education. It was because of these significant problems that the government commissioned the Bradley review, led by a very eminent Australian, Denise Bradley, to advise government on a profound set of reforms to our higher education system. After what was effectively a year-long review, Denise Bradley delivered to government a report that had enough information in it to cause anybody who cared about future productivity, prosperity and equity in this country to be concerned.

In response to that Denise Bradley report, in the May budget this year the government embarked on a landmark set of reforms for higher education. It is correct to say that these are the most transformative reforms, the biggest reforms, to happen to higher education since the Dawkins reforms of the 1980s, when John Dawkins was the Labor government's Minister for Employment, Education and Training. The scale and magnitude of our reforms cause anything that the Howard government did to pale into insignificance. This is a reform path for our universities for this century. It comes with significant new resources; indeed, more than \$5 billion of new investment in our higher education and innovation systems was delivered by this government in the May budget.

Significantly, this puts Australian universities on a growth path. We have set very high aspirational targets for participation in higher education and the attainment of an undergraduate qualification by young Australians. These are 2020 targets that will be difficult for this nation to reach, but we believe they are important if this nation is to have a competitive future in what is a cutthroat world.

These landmark reforms also deliver on a new system of equity for higher education. On this side of the House, we believe it is an offence against decency, against equity, against the Australian ethos of fairness, that if you come from an upper-income household you are many times more likely to go on to university than if you come from a poor family. That is wrong, and we aim to correct it.

We aim to correct it through an integrated set of reforms. That is what our education revolution is about: reforms in early childhood, reforms in schools, reforms in vocational education and training. But we also aim

to correct it through these powerful new reforms to Australia's universities. That is why we have set a target of, by 2020, 20 per cent of the enrolments at our universities being students from low SES backgrounds. It is not because we intend to compromise on quality. We most certainly do not. All of the research tells us that, properly supported, low SES students can achieve at university at the same rate as their counterparts from more moneyed and advantaged backgrounds. We believe they should get that opportunity.

We have consequently not only built growth into the system; we have built growth with equity into the system, including new funding streams to encourage universities to seek the participation of Australians from lower socioeconomic households and to partner with schools in the delivery of systems to support those Australians from school into university.

As we delivered this transformative set of changes to higher education, we announced a better targeted and fairer student income support system. Let us go through the key features of that student income support system. Those key features are contained in this bill, as they were contained in the bill that I introduced before the House earlier this year. Those key features are as follows. The bill enables 150,000 students to receive start-up scholarships, which will, when the system is in full operation, be worth \$2,254 a year. This contrasts with the strictly limited scholarship system now, where 21,000 students receive Commonwealth Scholarships.

This bill delivers changes to the family means test rates for the receipt of youth allowance. Those changes are important to enable almost 25,000 families with incomes between just \$32,800 and \$44,165 to get the maximum rate of youth allowance and a further 78,000 students to receive a higher payment than they otherwise would have received.

This bill enables the delivery of Relocation Scholarships, with an eligibility for \$4,000 in the first year. This bill also brings down the age of independence of students progressively over time from 25 years of age to 22 years of age. This will see an estimated 7,600 new recipients of the independent rate of youth allowance. These changes also enable students to keep more of the money they earn without it affecting youth allowance.

It is a better targeted system, a system where we have unashamedly stopped the circumstance where students in metropolitan areas living at home in families earning \$200,000 and \$300,000 a year got full youth allowance. We have redirected that money to better supporting students who need it the most.

Clearly, as members of the parliament would recall, there was an issue about the transition from the current system to the new system. I acknowledge that that transition issue caused stress and anxiety for a number of students who were on a gap year this year—that is, they had made arrangements to take a year off, seeking to qualify for youth allowance under the old rules, before they could have known about the May budget changes. The government responded to that issue by amending the bill after my consultations with students.

The bill is therefore one that, through the government's initial own amending, dealt with the transition issue most raised by Liberal and National party members with me—that is, the transition issue that was associated with students on a gap year this year who had made arrangements to take a gap year before the May budget and who needed to move in order to undertake university education. The government had already responded to that.

With that change already in place, the bill went from this place to the Senate. Amendments at that stage were moved by the coalition but were unacceptable to the government on the basis of fiscal prudence and on the basis of equity. On the basis of fiscal prudence, combined these changes would have cost the Commonwealth budget more than \$1 billion. This was in circumstances where, I remind people, members who were advocating these changes had actually had the power, when they were in government, to allocate government money to student financing and they had never sought to increase student financing with a new allocation of \$1 billion. It did not happen.

I think it would cause Australians—who tend to be wise enough to judge people by what they do rather than by what they say—to think: 'Why is it that members of parliament who were on the government benches for almost 12 years should suddenly discover the need to invest a new \$1 billion in student income support when, over 12 years, they never evidenced an intention of doing that?' So, on a fiscal basis, these changes by the coalition were unacceptable, particularly when the coalition's leading spokespeople—the Leader of the Opposition and the shadow Treasurer, for example—frequently said that they were concerned about debt and deficit. In those circumstances, to seek to allocate over \$1 billion of money without matching savings was obviously an imprudent thing to do.

Secondly, the propositions of the opposition were not right on equity grounds. To the extent there were matching savings offered—and they were not sufficient to cover the new expenditure—they were permanent cuts to scholarships; cuts that would have taken \$700 million in the form of scholarships out of the hands of students, \$162 million of it out of the hands of country kids. On an equity basis, we believed that was wrong and, on an equity basis, the amendments were unacceptable because they would have perpetuated the continuation of a system which has seen the participation rates of country kids in Australia's universities go backwards.

As we know, when the bill was returned to the House of Representatives the government indicated that these amendments were unacceptable. The bill returned to the Senate last night. By the time the bill returned to the Senate the government had, in negotiations with the Greens and Senator Xenophon, further addressed concerns about transition issues. The bill before the parliament brings that agreement to legislative life. It contains the amendments that were agreed with the Greens Party and with Senator Xenophon.

These amendments would have enabled more students to benefit from transition arrangements if they were on a gap year, including students living at home, but there would have been a means test at \$150,000 for students living at home. We thought that was a sensible compromise to assist students who made arrangements before the government's changes became known—a sensible compromise between dealing with equity considerations and having the means test on students living at home. I thank the Greens Party and I thank Senator Xenophon for showing the maturity to deal with this issue and showing the maturity to do it in a budget neutral context, with the change being paid for by a reduction in start-up scholarships in the first year but with start-up scholarships going to their full value of \$2,254 in the year after.

When the bill came up in the Senate last night, the first thing that happened is that the Senate did not insist on the coalition's amendments. It is important, I think, that participants in this debate—the Liberal Party and the National Party—realise that they do not have a majority in the Senate for their amendments. They might be unhappy about that; they probably are. But that is the truth. They cannot get their amendments up.

Mr Pyne interjecting—

Ms GILLARD—The churlishness of the opposition, which I was just about to go to, is being evidenced very clearly by the shadow minister, who views this as a matter of politics and not a matter of young people's lives. In circumstances where the coalition's amendments no longer had the support of the Senate, we then sought to deliver the beneficial changes that we had negotiated with the Greens Party and with Senator Xenophon.

These beneficial changes could not be included in the bill in the Senate because the Liberal and National parties voted against them—that is, in a churlish act, because their amendments had not been carried, they repudiated these beneficial amendments. Their view, not at all driven by the interests of students, was simply a tit for tat political round in which, if they were not able to get what they wanted, they were not going to give students the benefit of something else—nothing more, nothing less. Any view of the opposition's rhetoric during the course of this debate would have led you to conclude that they would have voted for these beneficial new provisions negotiated with the Greens party and Senator Xenophon, but politics, rather than the interests of students, prevailed.

Then the bill in the Senate was effectively sidelined by the Senate. It has been adjourned, effectively, in committee. It has not been defeated by the Senate. It has gone into some form of limbo. What is the cost of that bill staying in some form of limbo? The cost of that bill staying in some form of limbo is that the government cannot deliver these beneficial changes for students—that is, 150,000 students will not get scholarships next year. Kids who, by anybody's definition, live in low-income households will not get full youth allowance next year. Kids who are reliant on low- and middle-income households—possibly not living in them, but living away from home to study—whose parents have low and middle incomes, who could get an increased rate of youth allowance, will not get it next year.

This is not a matter of politics; this is a matter of fact. There are 150,000 kids who will not get start-up scholarships next year. Thousands of kids who need to move to study will not get relocation scholarships. Thousands of low- and middle-income kids who could have had the full rate of youth allowance, a higher rate of youth allowance, or eligibility for youth allowance for the first time, will not get that money.

The other reform features of the bill will also not come into operation: the independence age going down to 22 and the new arrangements to allow students to keep more of the money they earn before they lose youth allowance. Those beneficial changes cannot be delivered.

Understandably, the education system in this country has reacted with scorn and fury to this playing of politics by the Liberal and National parties. I refer people to the comments of those who care most about education. Last week, I conducted a press conference with people who care about education. They were vice-chancellors, speaking on behalf of all of the vice-chancellors in this country. At the press conference, Ian Chubb, the Vice-Chancellor of the Australian National University, said:

Well we as a Group of 8—

that is, the Group of Eight universities—

support this Bill. We think that it's particularly important that it pass, that it pass quickly so that we can give some information to and certainty to the students.

Ross Milbourne, the Vice-Chancellor of the University of Technology, Sydney, spoke on behalf of our technology universities and said:

I speak really with my other fellow Vice Chancellors on behalf of the entire higher education sector who's unanimous on supporting the legislation ... from my perspective, failure to pass this legislation today is not only bad for the education system in Australia, but it's bad social policy and is very bad long term economic policy.

Then Paul Johnson, the Vice-Chancellor of La Trobe University, who represented innovative research universities, said:

These students and their parents are having a tough time at present, we all know of the problems in the economy of regional and rural Australia. The proposed legislation will make a fundamental difference to all these families, all these students and their mums and dads.

Then the representative of students, David Barrow, the President of the National Union of Students, said:

Let me ... say that students unequivocally support these ... scholarships.

Those were the voices of the education sector last week. Their voices were joined on Friday by the voices of all state and territory education and training ministers, who called on the federal opposition to pass the government's youth allowance changes. Let us just reflect for a moment on that word 'all'. Madam Deputy Speaker Moylan, I think you would particularly appreciate this: if all education and training ministers around the country called on the opposition to pass this bill then that would have included the Liberal government of Western Australia, which has departed from the opposition on this churlish strategy.

What we saw in the Senate last night from the opposition was: 'Vice-chancellors? Don't listen to them. Students? Don't listen to them. Education ministers around the country? Don't listen to them. Wreak great harm against students and their families next year.' That does not seem to matter to the Liberal and National parties. They would rather play politics, and they did. They did so by not allowing passage of this bill. The reaction to that has been fast and furious, as it should be. David Barrow, the President of the National Union of Students, put it well when he said:

Last night so many good elements were blocked; a drop in the age of independence to 22—blocked, new personal income test thresholds—blocked, new scholarships—blocked, a system that gets the poorest students to university—blocked.

What remains is an inequitable relic of the Howard-era. It is easily rorted by the privileged. It means 30% of gap year students will not return to university. The current system disadvantages poor and regional students the most.

Then Ross Milbourne, from the Australian Technology Network of Universities, said:

Failure by the Coalition and Family First Senator, Steve Fielding to support this amended legislation is not only bad for the education system in Australia, but it's bad social policy and is very bad long term economic policy.

The amended Bill would have delivered a level of financial security for those students most in need.

He went on to say:

These scholarships help very poor students give more time and attention to their studies by reducing stress and worry, reducing their paid work hours, and increasing their sense of belonging. As a result, these students have attrition rates about 40% lower than other students—the benefit of this scholarship is tangible.

These are the words of the education sector on what happened last night. I understand that the Liberal and National parties have campaigned on these issues. They have raised these issues. I believe that there are some members of the Liberal and National parties who have been genuine in their pursuit of these issues. They have come and spoken to me. Some of them have sought briefings. They have wanted to understand the details of the legislation and to really get to grips with it. Some of them have been very genuine about being concerned about transition issues. But it is time for the Liberal-National Party members to acknowledge that those transition issues have effectively been resolved by the amendments to the bill that the government volunteered and by the additional amendments that we have agreed to with the Greens party and Senator Xenophon.

There may be opposition members who say, 'We are still sceptical.' I think I am entitled to ask: 'Where were their voices over 12 long years of government?' If we move on from that point and say, 'We have agreed to a review of these provisions; we were always going to have a review,' I am very confident that the review will show that these arrangements are better for regional and rural students. We have also agreed—and this has been something pressed by some members of the opposition—to an averaging arrangement in relation to the 30 hours a week for the new independence criteria. That has been sought. We believe we can manage it within a budget-neutral envelope, and it is contained in this bill.

So what is pressing members on to keep blocking this bill? I am not advised of any changes that the opposition seeks that are budget neutral. Last night the Senate spokesperson, the then shadow parliamentary secretary dealing with the matter in the Senate—I believe that he may have resigned his parliamentary secretaryship today; it is not entirely clear to me—seemed to indicate that one thing that the opposition wanted was all of this stopped and to have the old Commonwealth scholarships back. Madam Deputy Speaker, what would make you think 21,000 scholarships were better than 150,000 scholarships, plus relocation scholarships? So what is it that the opposition is continuing to press for that is achievable and attainable beyond the playing of politics? If the opposition has a budget-neutral amendment that is equitable, I have not seen it yet. If members opposite are going to continue this politics then let it not be done in the name of regional and rural students, because this package is good for regional and rural students and the people who care genuinely about their interests have said so. The vice-chancellors that run the universities the students study in, the student organisation that speaks on their behalf and the state ministers who represent them in state parliaments have all said so.

Do not do it in their name. If you are going to press on with this destructive course then do it in the name of what it is: the cheapest, most destructive form of politics I have seen played out in this parliament in a good while. Next year, have the guts to go and sit with the students you have ripped off and explain to them that the rip-offs were just about politics, that they were just about a desperate hope that you could continue a campaign in some electorates. That must be the only thing now driving this, because there is no credible, budget-neutral amendment being proffered by the opposition. There is not one. There is not one here, not one in the Senate, not one anywhere. I would say to those opposition members—and some of them have caught me on the way in and out of question time; some of them have come around to my office; some of them have talked to my staff—who are genuinely concerned about this issue: do not now vote as a matter of reflex. Actually think about it. Think about what it is that you are asking this government to do. Is it budget neutral and equitable? If you are unable to answer that question then it is time to vote for this bill.

The government is happy to make arrangements for the second reading debate on this bill to continue straightaway, if the opposition are ready to do that. If they are not ready to do that then we will be happy to have the debate adjourned.

Mr Pyne—We agree.

Ms GILLARD—If the opposition is ready to do it then we will seek to bring the second reading debate to an end expeditiously, to get this bill into the Senate in the hope that we can next year give kids who need money the money they are entitled to. I commend the bill to the House.

Leave granted for second reading debate to continue immediately.