



Social Security Amendment (Extension of Youth Allowance and Austudy Eligibility to New Apprentices) Bill 2005

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Social Security Amendment (Extension of Youth Allowance and Austudy Eligibility to New Apprentices) Bill 2005

Date Introduced: 17 March 2005

House: House of Representatives

Portfolio: Education, Science and Training

Commencement: **Sections 1 to 3 of Schedule 1** commence on the date the Bill receives Royal Assent The remainder of **Schedules 1 and 2** commence from 1 July 2005 **Schedule 3** commences from 20 March 2000.

Purpose

The proposed changes to legislation contained in this Bill arise from the traineeship/apprenticeship initiatives announced by the government during the 2004 election campaign.¹ These initiatives feature:

- Allowing access to both the youth allowance (YA) and the Austudy payment for full-time trainees and apprentices.
- A new Commonwealth Trade Learning Scholarship The scholarship will provide for payments of \$500 each year to new apprentices in trades where there are skill shortages upon successful completion of the first and second years of their apprenticeship training.
- A new Tools for Your Trade payment, which will provide for tool kits to the value of \$800 in specified trades where there are skill shortages.

The Bill proposes to allow the payment of YA and Austudy to trainees/apprentices The Bill also proposes to amend the *Income Tax Assessment Act 1997* (ITAA), the *Social Security Act 1991* (SSA) and the *Veterans' Entitlements Act 1986* (VEA), to exempt as income both the proposed \$500 Commonwealth Trade Learning Scholarship payments and the proposed \$800 Tools for Your Trade payment.

Background

Introduction

This digest firstly provides an overview of skills shortages and training issues, being the background to these initiatives The digest then discusses what will be the issues in extending YA and Austudy to trainees/apprentices and who might benefit The digest also discusses the other financial incentives for trainees/apprentices in this initiative, namely the \$500 scholarships and the \$800 Tools for Your Trade payment.

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Trainee/apprenticeship initiatives announced in the 2004 election campaign

On 26 September 2004, the Prime Minister announced a package of initiatives aimed at increasing the participation rate in traineeships and apprenticeships.²

The proposed extension of access to YA and Austudy to full-time trainees/apprentices is aimed at easing the financial burden faced by these traditionally lower paid workers. The government considers they are just as worthy of financial support as university students.³

The Commonwealth Trade Learning Scholarship is to pay \$500 each year for the first two years of a successfully completed apprenticeship. The second reading speech to the Bill claims this scholarship is designed to encourage and allow many trainees/apprentices to remain in training and reach their goals of becoming fully qualified tradespersons.⁴ The scholarships are to target apprenticeships in occupations of skills shortage.

The Tools for Your Trade proposal is to pay \$800 for selected trade apprenticeships. The second reading speech to the Bill detailed that the \$800 payment is aimed at helping alleviate the financial burden on apprentices in trade occupations where there are skill shortages.⁵ The skills shortage areas listed in the second reading speech refers to those listed in the Department of Employment and Workplace Relations National Skills Shortage list.⁶ The trades that are referred to in the second reading speech as being amongst those to benefit are metals, motor vehicle and building trades, plumbers, chefs and cooks, cabinet makers, furniture makers and hairdressers.⁷ However, the second reading speech refers to all skills listed on the National Skills Shortage List.⁸

How much are these proposed initiatives anticipated to cost?

In presenting this package of apprenticeship initiatives, the government estimated the cost of the extension of access to YA and Austudy at \$135 million in 2005-06, \$139 million in 2006-07 and \$136 million in 2007-08, making up a total of \$410 million.⁹ The explanatory memorandum attached to the Bill provides a revised estimated cost of \$383.2 million over three years in respect of the extension of access to YA or Austudy for trainees/apprentices.

For the Commonwealth Trade Learning Scholarship payments of \$500 and the \$800 Tools for Your Trade payments, the explanatory memorandum provides costings of \$84 million and \$73.9 million respectively, over the next three years.

For the exemption as income under the ITAA of the proposed \$500 Commonwealth Trade Learning Scholarships and the \$800 Tools for Your Trade initiative, the explanatory memorandum claims it is not possible to future cost this part of the initiative, as it will depend on the personal financial and taxation circumstances of individual trainees/apprentices.

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How many apprentices/trainees are anticipated to benefit from these initiatives?

It is estimated that around 75,000 trainees/apprentices would be eligible for YA or Austudy in 2005-06, rising to 93,000 in 2008-09.¹⁰

The second reading speech claims the Tools for Your Trade initiative would benefit up to 34,000 new apprentices a year.¹¹

2004 election initiatives offer new financial incentives directly to trainees/apprentices

Over the last few years there has been an increasing amount of evidence that skills shortages are being experienced in some occupations and industries.¹² While education and training activity is not the only factor influencing skills shortages,¹³ and while there is evidence of skills shortages in both the professions and the trades, much of the recent political and policy focus has been on the performance of the vocational education and training system and in particular New Apprenticeships. New Apprenticeships refers to the national campaign and initiative of integrating traineeships and apprenticeships into one single national scheme and extra funding for training and incentives that was launched by the government on 20 August 1997.¹⁴

Under existing New Apprenticeship arrangements, the Commonwealth offers financial incentives for employers and employees to enter into formal agreements, known as 'Training Agreements/Contracts,' which establish arrangements for combining work with structured training leading to a recognised qualification.¹⁵ To date most of the financial incentives offered by the Commonwealth have been targeted to employers.¹⁶ This Bill facilitates the new initiatives, which provide financial incentives directly to trainees/apprentices.¹⁷

The last decade has seen rapidly increasing numbers of trainee/apprenticeships but are there still skill shortages?

Though there has been considerable growth in the numbers of new apprentices 'in-training' over the last decade (at 31 December 1995 there were 141.4 thousand 'in-training', at 31 December 2003, 393.0 thousand and the latest figures show that at 30 September 2004 there were 393.8 thousand),¹⁸ skills shortages have emerged in some of the traditional trades. There has consequently been considerable debate about whether the training system is adequately funded, and whether expenditure on training and New Apprenticeships in particular, is suitably targeted to deliver the right skills.

Underlying this rapid growth in New Apprenticeship numbers has been the broadening of the scope of data collected under the label New Apprenticeships, to include not only apprenticeships but also traineeships. Traineeships were first introduced in the 1980s to provide structured training opportunities in non-trade occupations. They often involve shorter term contracts of training. While traineeships accounted for only 6.8 per cent of all

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contracts of training in 1990 because of an initial slow take up rate, they now account for approximately 66.5 per cent. This is the result of their introduction, since the mid-1990s, into some of the largest occupational groups including clerical, retailing and the rapidly growing service industry occupations.

What has been happening to the number of 'traditional apprenticeships'?

While the greatest growth in New Apprenticeships has been in traineeships, there has been some growth in the number of 'traditional apprenticeships'¹⁹ - for comparative purposes from 101.3 thousand in December 1996 to 121.1 thousand in December 2003, and the latest figures show a further increase to 132.0 thousand in September 2004. The growth in the number of 'traditional apprenticeships' between 1996 and 2000, therefore accounts for only about 9 per cent of the total growth in all new apprenticeships.

An indicator of the adequacy of training activity is the apprentice training rate, the ratio of apprentices in-training to employed persons in that occupation, which is a measure of the extent to which occupations are being reproduced through training. The National Centre for Vocational Education Research has assessed the training rate for 'traditional apprentices' between 1996 and 2002 as being relatively stable, between 9 per cent and 10 per cent.²⁰ The one area it did find a decline was the *mechanical and fabrication engineering* category.

However, a recent study analysed trends in the training rate over a longer period of time, between 1974 and 2001 by broad occupational group in the trades and found that the 1990s marked a break in the long-run training rate. It found a 'statistically significant and sustained decline' in the training rate between 1993 and 2001, in comparison to the 1974-1992 period. In aggregate the annual apprentice training rate between 1974 and 1992 averaged 12.4 per cent and from 1993 to 2001 it averaged only 10.6 per cent. For the same two periods it found significant variations across occupations with metal, electrical and construction apprentices experiencing large declines, others having smaller declines and one group in particular, the food group, experiencing considerable growth.²¹

Basis for the new policy initiatives announced in the 2004 election campaign

The Minister's second reading speech states that the Bill 'supports the Government's intention to address skills shortages'.²² Of these three measures, two target apprentices in particular areas of skill need, namely trade occupations experiencing skill shortages, however the YA and Austudy measure will apply to New Apprentices in all occupational groups.

The three measures in this Bill aim to provide financial incentives to individual apprentices presumably to make traineeships/apprenticeships more attractive to them. These may help to counteract the problem relating to the 'poor image' of certain occupations, particularly in the traditional trades, with the consequent difficulties in attracting quality applicants, and also the perception held by many apprentices that they

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are being treated as cheap labour.²³ Research and evidence would tend to suggest that these may only be minor factors in explaining the decline in training rates.²⁴ Consequently these measures will need to be assessed in the context of other Government strategies to deal with skills shortages.

Full-time trainees/apprentices - access to YA or Austudy payment

Trainees/apprentices cannot currently access YA or Austudy payment under the SSA

Currently, full-time trainees/apprentices are not able to access YA as they have been classified as being in full-time employment. To access YA, a person must be defined in the SSA as either 'unemployed',²⁵ or as a 'full-time student'.²⁶ Likewise they are not currently able to access Austudy, as they are not undertaking an approved tertiary undergraduate course. To access Austudy a person must be undertaking an approved course of full-time study, which is usually a tertiary undergraduate course.²⁷

The SSA to be amended to allow 'new apprentices' qualification to YA and Austudy payment

The SSA has a generic definitions section and the Bill proposes to insert a 'new apprentice' definition in section 23(1) of the SSA.²⁸ A 'new apprentice' will be defined as a person who has a Commonwealth registration number for a full-time apprenticeship, traineeship or trainee apprenticeship under the scheme known as New Apprenticeships. The New Apprenticeships scheme is run by the Department of Education, Science and Training.²⁹

The Bill then proposes to amend the YA and Austudy qualification provisions in the SSA to allow qualification for 'new apprentices'.

Income testing and payment rates for YA and Austudy payment

For any trainee or apprentice to qualify and be paid YA or Austudy payment, they will need to meet the other qualification and payability requirements of the SSA. For example residency, age, income and assets. For YA there is a personal income and assets test and for those considered 'dependent', there are also parental means test requirements. For Austudy payment no parental means testing applies but there are personal income and assets tests.

Personal income test for YA and Austudy

Both YA and Austudy payment are subject to a personal income test. How much any individual trainee/apprentice is entitled to be paid from YA or Austudy will depend on the level of their income. The structure of the income test in terms of free area and taper rate depends on whether the person is classified as unemployed or as a full-time student. This Bill proposes to classify all apprentices/trainees as long-term income support students for

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the purposes of the SSA So the income test that will apply will be the YA and Austudy income test for full-time students.

Full-time student YA and Austudy personal income test

Currently, the YA and Austudy full-time student income test free area is \$236 per fortnight, with income from \$236 to \$316 reducing the maximum rate by 50 cents in the dollar and income above \$316 reducing the rate by 70 cents in the dollar.³⁰ The personal income test limits above which no YA or Austudy payment is payable are set out below.³¹ Whether an individual full-time trainee or apprentice can be paid YA or Austudy will depend on the level of their income In most cases their traineeship/apprenticeship wages will be their sole source of income but some may have income from other sources, for example, bank or share interest, partner’s income, other employment income.

Payment rates and income test cut-off points for YA

Family situation	Maximum rate payable \$ per fortnight	Personal income test limit above which no YA or Austudy is payable \$ per fortnight
Single		
- aged U18 @ home (dependent rate)	178.80	514.14
- aged U18 away from home (independent rate)	326.50	725.29
- aged 18-24 @ home (dependent rate)	214.19	565.86
- aged 18 or more away from home (independent rate)	326.50	725.29
- with child/ren	427.80	870.00
Partnered		
- no child/ren	326.50	771.00
- with child/ren	358.50	771.00

Notes:

- Austudy is only paid to those aged 25 or more, so the adult single or partnered rates apply.
- A young person, who does not meet the independent criteria, can get the higher away from home rate (independent rate), if they must live away from home to attend education Must be individually assessed.
- Where a dependent person aged 18 or more lives away from home, but it is not assessed as being necessary to attend education, they continue to get the at home (dependent) rate.

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Parental means testing applies for full-time 'dependent' YA students

YA payable to a full-time 'dependent' student is subject to parental means testing For YA, a full-time student can be considered 'dependent' up until age 24 Austudy is only payable to full-time tertiary undergraduate students aged 25 or more and has no dependency based parental means testing.

The YA parental means testing that applies to a YA 'dependent' student aged up to 24 is made up of the:

- Parental income test,
- Parental assets test, and
- Family actual means test.

A 'dependent' or an 'independent' young person for the purposes of YA

'Dependence' or 'independence' is important for YA, as it determines if parental means testing is to apply and the maximum potential rate payable If a young person is considered 'independent', no parental means testing applies and a higher YA rate is payable For YA, a young person is considered to be 'independent' if they are in one of the following groups:

- are, or have been, a member of a partnered relationship, or
- have, or have had, a dependant YA child - that is a child who is, or was, wholly or substantially dependent on them or their partner, or
- is aged 25 years or more, or
- is an orphan, or
- parent/s cannot exercise their responsibilities because they are in prison, a psychiatric hospital or similar institution, or
- is a refugee, or
- is a young person in state care, or
- it is unreasonable to live at home, or
- are, or have been, self-supporting through employment, or
- aged 18 and over, and have a work history but who experience education or employment disadvantage.³²

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This proposal to allow access to YA to full-time trainees/apprentices will see some qualify for payment at the 'dependent' rate, as they do not meet one of the 'independent' criteria – see above. The 'dependent' rates of payment are lower than the 'independent rates' recognising that the parent/s are able to provide some support. Older trainees/apprentices with greater work experience will be more likely to meet the 'independent' criteria through self-support from employment – see below.

Self-support through employment – independent requirements

A young person is considered 'independent' for YA payment rate purposes, if they have supported themselves through paid work consisting of:

- employment of at least 30 hours per week (that is, full-time employment) for at least 18 months during any period of 2 years, or
- employment of at least 15 hours per week (that is, part-time employment) for at least 2 years since the person last left secondary school, or
- employment within an 18 month period with cumulative earnings totalling at least 75 per cent of the appropriate maximum Commonwealth Training Award rate.

YA parental income test

The YA parental income test includes:

- parent's combined taxable income,
- any child support ('maintenance') payments - with any maintenance paid during the tax year deducted from the taxable income amount,
- the value of employee fringe benefits,
- any income from overseas, and
- business losses (including negatively geared property and shares).

The YA rate payable reduces where parental income exceeds the income test free threshold of \$28,850, plus an amount for any other additional child. The maximum YA rate payable to the young person reduces by \$1 for every \$4 of parental income over this threshold. The threshold amount increases for any other additional child are:

- \$1,230 for the first additional child aged under 16,
- \$2,562 for each additional child aged under 16,
- \$3,792 for each dependent child aged 16-24 in full-time study, or
 - aged between 16-20 and looking for work, or

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- receiving a boarding allowance or second home allowance under the Assistance for Isolated Children Scheme,
- \$7,585 for a tertiary student living away from home and there are two such children in the family.³³

YA parental assets test

For YA, where the young person is 'dependent', the family assets test applies. No YA is payable where the family's assets exceed \$502,750. A 75 per cent discount for farm/business assets applies.

YA Family Actual Means Test (FAMT)

The YA FAMT only applies to a 'dependent' young person claiming YA if the parent/s:

- are self-employed,
- have claimed a business loss,
- have an interest in a trust or company,
- are business migrants, or
- have foreign assets worth \$2,500 or more.

The method for determining a family's actual means is different to a straight measurement of income as applied under the parental income test. The FAMT involves examining the family's actual means (spending + savings - deductions) and halving, and then applying the marginal tax rate and Medicare levy to this amount, which is then doubled. Net passive business losses are also added. This gives the family an equivalent family income.

The FAMT then applies this derived family actual income to the same income test threshold (\$28,850) and the same reduction rate (\$1 in every \$4 of excess income), as is applied under the parental income test.

Whichever test, between the parental income test and the FAMT which provides the lower rate of payment, is the test that is applied.

How much YA or Austudy payment might individual trainees/apprentices qualify for?

The amount of YA or Austudy payable to a trainee/apprentice will depend on the level of their income and whether they are 'dependent' or 'independent'. For the majority, the main source of their income will be their traineeship/apprenticeship wage.

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Set out below are two examples showing what rates of YA might be payable to typical trainees/apprentices Both examples use current apprenticeship award wage rates in the Federal Metal, Engineering and Associated Industries Award 1998 (AW789529).³⁴

Example 1 - Apprentice aged 20 at home and dependent

Example 1 refers to a single apprentice aged 20, living at home with parents and otherwise eligible to the maximum 'dependent' YA rate of \$214.90 per fortnight.

Apprenticeship year	Current minimum award wage \$ per fortnight (gross)	Maximum rate of YA payable Single, over 18 @ home (dependent rate) \$ per fortnight	Personal income test limit above which no YA/Austudy is payable Single, over 18 @ home (dependent rate) \$ per fortnight	Net YA payable after application of the income test \$ per fortnight
First	471.40	214.90	565.86	66.12
Second	617.40	214.90	565.86	Nil
Third	821.80	214.90	565.86	Nil
Fourth	987.80	214.90	565.86	Nil

Note: Assumes the apprentice's only income is their award apprenticeship wage.

Example 2 - Apprentice aged 22 away from home and independent

Example 2 refers to a single apprentice, aged 22, living away from the parental home and otherwise eligible to the maximum 'independent' YA rate of \$326.50 per fortnight.

Apprenticeship year	Current minimum award wage \$ per fortnight (gross)	Maximum rate of YA payable Single, aged 22 away from home (independent rate) \$ per fortnight	Personal income test limit above which no YA/Austudy is payable Single, aged 22 independent rate \$ per fortnight	Net YA payable after application of the income test \$ per fortnight
First	471.40	326.50	725.29	177.72
Second	617.40	326.50	725.29	75.52
Third	821.80	326.50	725.29	Nil
Fourth	987.80	326.50	725.29	Nil

Note: Assumes the apprentice's only income is their award apprenticeship wage.

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The two examples above indicate that not all trainees/apprentices will get be eligible for some YA or Austudy payment, it will be mainly those in their earlier years of their traineeship/apprenticeship and who are therefore on lower wage levels.

Access to rent assistance (RA) for some YA recipients

For those trainees/apprentices who are able to access some payment of YA, they may also be able to qualify for RA To access RA, a person needs to be paying private rent and also more than a minimum amount of rent.³⁵ However, not all YA recipients paying private rent qualify for RA, only those who:

- have a dependent child/ren, or
- are partnered, or
- are single and under 25 years of age and living permanently or indefinitely apart from parents or guardians.

RA for families with children is paid with Family Tax Benefit.

RA is not payable in addition to Austudy payment.

Use of income support payments to supplement wages is unprecedented

Traditionally, income support payments provided by government have been for persons not able to provide for their own self-support Some of the more common reasons persons are unable to support themselves are unemployment, disability, old age, sole parent status and no recent attachment to the work force Income support payments generally have their origins and uses as welfare assistance and this is why they are legislated for in the SSA This Bill proposes to allow access to YA or Austudy to persons who are otherwise employed full-time and are being paid a full award wage, albeit a training wage This is an unprecedented use of income support arrangements to support a sector of the labour force It has the benefit of not adding to the cost for employers to take on and retain trainees/apprentices However, this use of YA and Austudy as a financial supplementer for trainees/apprentices has limited reach Not all trainees/apprentices will get access to YA or Austudy, only those on lower wages and income levels For many it may not serve to counter the perception that traineeships/apprenticeships are cheap labour and are poorly paid.

Another way of providing assistance would be through the tax system by way of a tax credit Tax credits can be provided fortnightly to individuals in their wage packet, as has been done with the dependent spouse rebate in the past Alternatively, the tax credit can be claimed in the tax assessment at the end of the year Certainly, the provision of financial assistance through YA allows the use of existing parental means testing, if this was a

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priority aim of the initiative It would be far more difficult to apply any parental means testing through the tax system.

\$500 a year Commonwealth Trade Learning Scholarship

The proposed amendment to the ITAA in this Bill is to exempt the \$500 scholarship payments as income under the ITAA, so they will not be subject to income taxation The scholarship income tax exemption is for the 2005-06 financial year and subsequent years.

There is also a proposed amendment to the SSA in this Bill, to exempt the \$500 scholarship payments as income under the SSA, so it will not reduce any SSA income tested payment.

There are also government income tested payments provided under the *Family Assistance Act 1999* (FAA), being Family Tax Benefit Part-A (FTB-A), Family Tax Benefit Part-B (FTB-B) and Child Care Benefit (CCB) As FTB-A, FTB-B and CCB all use a taxable income definition for their income tests, the exemption of the scholarship as income under the ITAA will also see it not counted as income for these family assistance payments provided under the FAA.³⁶

\$800 Tools for Your Trade payment

As with the \$500 a year scholarship payments, the amendments to the ITAA presented in this Bill are to exempt the \$800 Tools for Your Trade payment as income under the ITAA This will also mean these payments will not be counted as income for FTB-A, FTB-B and CCB.

Likewise there is also a proposed amendment to the SSA to exempt the \$800 payments as income under the income test in the SSA.

Main Provisions

Schedule 1 – Part 1 – amendments relating to youth allowance

Item 1 inserts the ‘new apprentice’ definition in the definitions section of the SSA, that is section 23(1) To qualify for YA or Austudy under the other proposed amendments to the SSA in this Bill, a person will need to meet this ‘new apprentice’ definition A ‘new apprentice’ will be a person registered with the government’s New Apprenticeship scheme.

Item 2 inserts a new section in the YA qualification parts of the SSA, to allow for the qualification of a ‘new apprentice’ to YA.

Items 6 and 7 extend the age for the payment of YA Normally, YA is not payable to a full-time student aged 25 or more, Austudy being the correct payment for those aged 25 or

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more Likewise, YA is not payable to an unemployed jobseeker past age 20, newstart allowance being the correct payment for those aged 21 or more **Items 6 and 7** provide the same limited number of carry overs of YA to a 'new apprentice' that now currently applies to YA recipients reaching age 21 or 25.

Item 9 provides for the living away from home (independent) rate rules for 'new apprentices' This will allow them access to the higher rates of assistance and indirectly to higher income test cut-off limits.

Items 12 and 13 will provide 'new apprentices' with the higher income test free area that currently applies for students.

Schedule 1 – Part 2 – amendments relating to Austudy payment

Item 19 inserts a new section in the Austudy qualification part of the SSA, to provide for the qualification of a 'new apprentices' to Austudy.

Items 23 and 24 provide for the extension of long-term income support student status to 'new apprentices' on Austudy This has the effect of a higher fortnightly rate of payment and indirectly higher income test cut-off limits.

Schedule 2 – Commonwealth Trade Learning Scholarships and Tools for Your Trade initiative

Items 1 and 2 adds Commonwealth Trade Learning Scholarship payments to the list of exempt income amounts under the ITAA.

Item 3 stipulates that the amendments made in **Parts 1 and 2** are to take effect from the 2005-06 income year and later years.

Item 4 adds Commonwealth Trade Learning Scholarship payments to the list of exempt income amounts in section 8 of the SSA The SSA has a wide encompassing definition of income in section 8 and then lists specific exceptions So unless a particular income amount or type is listed as an exemption, it is regarded as income By listing the scholarship payments as an exemption, it makes sure it is not regarded as income.

Item 5 adds the Tools for Your Trade initiative payment to the list of exempt income amounts in section 8 of the SSA.

Items 6 and 7 do the same to the exempt income section in the VEA for both the Scholarship and the Tools for Your Trade amounts respectively.

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Concluding Comments

This Bill contains the legislative measures necessary to implement the government's 2004 election commitments to trainees and apprentices. The aim of these commitments is to provide financial support direct to trainees/apprentices to encourage more people to take up traineeships/apprenticeships and to stay in their training once they have commenced.

One of the three main initiatives, being the expansion of access to YA and Austudy, is aimed across the board at all trainees/apprentices. The other two proposals, being the \$500 scholarship payments and the \$800 Tools for Your Trade initiative, are aimed at areas of skill shortage.

If financial considerations and/or low wages are an impediment to persons taking on and staying in traineeships/apprenticeships, these measures that feature direct financial help to individual trainees/apprentices may provide some incentive. However, it would appear that the reasons for the inadequate apprenticeship numbers, especially in the traditional trades, are more complex.

Endnotes

¹ 'Extending youth allowance eligibility to new apprentices', *Media Release*, The Hon. John Howard, MP, 26 September 2004
http://www.liberal.org.au/pm_media/campaign_2004/ACFED2.pdf

² *ibid.*

³ *ibid.*

⁴ The Hon. Mr Garry Hardgrave, MP, Minister for Vocational Education and Training and Minister Assisting the Prime Minister, 'Second Reading Speech: Social Security Amendment (Extension of Youth Allowance and Austudy Eligibility to New Apprentices) Bill 2005', *House of Representatives, Debates*, 17 March 2005, p. 1
<http://www.aph.gov.au/hansard/reps/dailys/dr170305.pdf>

⁵ *ibid.*

⁶ Department of Employment and Workplace Relations, National Skills Shortage list 2004
<http://www.workplace.gov.au/NR/rdonlyres/A821DE6D-8708-4E63-BADC-6FBB107A1A83/0/NSSTradesupdateDecember2004V2.pdf>

⁷ The Hon. Mr Garry Hardgrave, MP, Minister for Vocational Education and Training and Minister Assisting the Prime Minister, 'Second Reading Speech: Social Security Amendment (Extension of Youth Allowance and Austudy Eligibility to New Apprentices) Bill 2005', *op. cit.*

⁸ *ibid.*

⁹ 'Extending youth allowance eligibility to new apprentices', *Media Release*, The Hon. John Howard, MP, *op. cit.*

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¹⁰ *ibid.*

¹¹ The Hon. Mr Garry Hardgrave, MP, Minister for Vocational Education and Training and Minister Assisting the Prime Minister, 'Second Reading Speech: Social Security Amendment (Extension of Youth Allowance and Austudy Eligibility to New Apprentices) Bill 2005', *op. cit.*

¹² For information on skills shortages see Australia. Department of Employment, Workplace Relations and Small Business, 'National Skills Shortage List 2004', <http://www.workplace.gov.au/workplace/Category/Publications/LabourMarketAnalysis/NationalSkillsShortageList2004.htm>, accessed on 15 April 2005

¹³ The reasons for skill shortages are complex and varied. While the level of education and training is likely to be important and itself is likely to be influenced by a range of factors, occupational attrition, cyclical and seasonal factors, and/or changing skills needs may also be the cause. Senate. Workplace Relations, Employment and Education Committee, '[Bridging the skills divide](http://www.aph.gov.au/Senate/committee/eet_ctte/completed_inquiries/2002-04/skills/report/index.htm)', http://www.aph.gov.au/Senate/committee/eet_ctte/completed_inquiries/2002-04/skills/report/index.htm, see also Department of Employment and Workplace Relations and the National Centre for Vocational Education Research, '[Nature and Causes of Skill Shortages: Reflections from the Commonwealth National Industry Skills Initiative Working Groups](http://www.skillsinitiative.gov.au/documents/Nature_CausesSkillShortages.rtf)', 2002, http://www.skillsinitiative.gov.au/documents/Nature_CausesSkillShortages.rtf, accessed on 15 April 2005.

¹⁴ Launch of New Apprenticeships marketing campaign, *Media Release*, The Hon. Mr David Kemp, MP, Minister for Schools, Vocational Education and Training, 20 August 1997.

¹⁵ New Apprenticeships scheme, <http://www.newapprenticeships.gov.au/>

¹⁶ The exception has been the Living Away from Home Allowance. For the full range of existing incentives see Australia. Department of Education, Science and Training, 'New Apprenticeships', <http://www.newapprenticeships.gov.au/employer/incentives.asp>, accessed on 15 April 2005.

¹⁷ Liberal Party of Australia, 'Initiatives to combat skills shortages', http://www.liberal.org.au/2004_policy/Sept26_Extending_Youth_Allowance_for_New_Apprentices.pdf, http://www.liberal.org.au/2004_policy/Sept26_Commonwealth_Trade_Learning_Scholarship.pdf, http://www.liberal.org.au/2004_policy/ACFA71C.pdf accessed on 14 April 2005

¹⁸ For the latest statistics see National Centre for Vocational Education Research, 'Australian Vocational Education and Training Statistics: Apprentices and Trainees, September Quarter 2004', <http://www.ncver.edu.au/statistics/aats/quarter/sept2004/04sepsum.pdf>

¹⁹ This is defined by NCVER as contracts within the trades and related workers occupation group which are at AQFIII qualification or above

²⁰ Louise Brooks, 'Trends in 'traditional apprenticeships'', National Centre for Vocational Education Research, 2004 <http://www.ncver.edu.au/statistics/aats/trends/tradapp.pdf>, accessed on 15 April 2004

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²¹ Dr Phillip Toner, *Declining apprentice training rates: causes, consequences and solutions*, Australian Expert Group in Industry Studies, University of Western Sydney, Sydney 2003, <http://www.dsf.org.au/papers/110.htm>

²² The Hon. Mr Garry Hardgrave, MP, Minister for Vocational Education and Training and Minister Assisting the Prime Minister, 'Second Reading Speech: Social Security Amendment (Extension of Youth Allowance and Austudy Eligibility to New Apprentices) Bill 2005', op. cit.

²³ National Centre for Vocational Education Research, Outcomes and Completions of New Apprenticeships: at a glance, 2002 <http://www.ncver.edu.au/statistics/aag/outnapp/dr203a.pdf> accessed on 20 April 2005

²⁴ Dr Phillip Toner, op.cit. and Senate, op.cit. During the course of the recent Senate inquiry national industry advisory bodies identified the following factors as contributing to current and future skill shortages and skill gaps: an ageing workforce and impending retirement rates; poor image of certain occupations translating into smaller and lower quality pool of applicants; inadequate apprenticeship rates to ensure replacement training; problems in attracting and retaining people; changing industry and employment arrangements increasing the demand for skilled workers or decreasing the supply of skilled workers; casualisation of work and privatisation of public utilities; and changing skill needs within occupations.

²⁵ Social Security Act 1991, section 541(3) <http://www.facs.gov.au/ssleg/ssact/ssapa151.htm>

²⁶ Social Security Act 1991, sub-section 541(1) <http://www.facs.gov.au/ssleg/ssact/ssase545.htm>

²⁷ Social Security Act 1991, section 569A <http://www.facs.gov.au/ssleg/ssact/ssase659.htm>

²⁸ Social Security Act 1991, section 23(1) <http://www.facs.gov.au/ssleg/ssact/ssasec37.htm>

²⁹ New Apprenticeships scheme, op. cit <http://www.newapprenticeships.gov.au/>

³⁰ Social Security Act 1991, section 1067G <http://www.facs.gov.au/ssleg/ssact/ssas1754.htm> The personal income test rates quoted are effective from 20 March to 30 June 2005.

³¹ *ibid.*

³² Social Security Act 1991, section 1067A(1) <http://www.facs.gov.au/ssleg/ssact/ssas1748.htm#ssa-Section1067A>.

³³ Social Security Act 1991, section 1067G-F22 <http://www.facs.gov.au/ssleg/ssact/ssas1888.htm#ssa-section1067G-F22> The parental income test limits are effective from 20 March to 30 June 2005.

³⁴ Metal, Engineering and Associated Industries Award, 1998, AW789529, <http://www.wagenet.gov.au/WageNet/FactSheets/DataFiles/AwardSummaries/MetalsAW789529.pdf>

³⁵ RA rates quoted below refer to 20 March to 30 June 2005 RA for families with children is paid with Family Tax Benefit Part-A.

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Family situation	Max RA payable \$ per fortnight	No RA payable if rent is less than \$ per fortnight	Max RA payable if rent is more than \$ per fortnight
Single, no child/ren	98.00	87.00	217.67
Single, no child/ren, sharer	65.33	87.00	174.11
Partnered, no child/ren	92.40	141.80	265.00

³⁶ Family Assistance Act 1999, Schedule 3 <http://www.facs.gov.au/faact/schedul3.htm>

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