



## Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009 [No. 2]

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## Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009 [No. 2]

**Date introduced:** 25 November 2009

**House:** House of Representatives

**Portfolio:** Employment and Workplace Relations

**Commencement:** Sections 1 to 3 on Royal Assent. All other provisions commence on 1 January 2010 except for Divisions 3 and 4 in Part 2 of Schedule 1 which commence on 1 July 2012. Schedule 3 commences on 1 July 2009 following the commencement of Schedule 1 to the *Social Security Amendment (Training Incentives) Act 2009*.

**Links:** The [relevant links](#) to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

### Purpose

To reform student income support to make higher education more accessible in response to the Review of Higher Education conducted by Emeritus Professor Denise Bradley.

### Background

The background to the policy issues raised in this Bill and the history of Youth Allowance have been extensively covered in the [Bills digest](#) for the Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009 (the original Bill).<sup>1</sup> The original Bill was not passed by the Senate and remained in the committee stage of debate when the Senate rose for the summer recess.<sup>2</sup> The Senate disagreed to the motion to adopt the report of the Committee of the Whole on 24 November 2009.<sup>3</sup>

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1. L Buckmaster, D Daniels and C Dow, *Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009*, Bills digest, no. 42, 2009–10, Parliamentary Library, Canberra, 2009, viewed 6 January 2010, <http://www.aph.gov.au/Library/pubs/bd/2009-10/10bd042.pdf>

2. The Senate Bills List notes that the original Bill passed the Senate on 17 November 2009 with a caveat: Australia, Senate, *Bills List*, as at 15 December 2009, viewed 6 January 2010, [http://parlinfo.aph.gov.au/parlInfo/download/legislation/billslst/billslst\\_c5cb7dfd-6ea5-42d2-bea7-](http://parlinfo.aph.gov.au/parlInfo/download/legislation/billslst/billslst_c5cb7dfd-6ea5-42d2-bea7-)

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All non-government senators had concerns about the impact of the changes to the independence criteria for Youth Allowance contained in the original Bill. The Government rejected certain amendments that were agreed by the Senate that sought to:

- extend the period during which the savings provisions applied, for those affected by the changes to the independence criteria, by six months to the end of 2010
- extend those savings provisions to all students affected who left secondary education in 2008 and
- permanently preserve access to qualification for independent status through the part-time work for students who are required to live away from home to study.<sup>4</sup>

When the Senate considered the rejection of their amendments by the House of Representatives there was insufficient support for insisting on the Senate amendments (the vote was a tied vote). The Australian Greens and Senator Xenophon had negotiated an alternative set of amendments with the Government. Those amendments were the same as the changes incorporated in this new Bill.

However the Coalition senators and Senator Fielding were unwilling to accept the new amendments and they were not passed (the Senate vote was again tied).

The Government decided to introduce this present Bill into the House of Representatives on the following day. It contains the same package of measures that were presented to the Parliament in the original Bill with changes to reflect the Senate amendments agreed upon by the Government and the amendments negotiated between the Government and the Australian Greens and Senator Xenophon.

**The differences between the original Bill and the present Bill are as follows:**

- savings provisions for gap year students affected by the changes to the independence criteria concerning workforce participation were changed. Students who left secondary school in 2008 would have until 31 December 2010 to commence a tertiary course rather than the original limit of 30 June 2010. Students who were not required to leave home to attend the course of their choice could also qualify. However a family income

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3. Ibid.
4. Schedule of amendments made by the Senate to which the House of Representatives has disagreed, Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009, 18 November 2009, viewed 23 January 2010, [http://parlinfo.aph.gov.au/parlInfo/download/legislation/sched/r4193\\_sched\\_3292085e-dcc4-43f9-bc43-e10383fc5fb6/upload\\_pdf/SocSec%20and%20OLA\(IncSuppforStudents\)09.pdf;fileType=application%2Fpdf](http://parlinfo.aph.gov.au/parlInfo/download/legislation/sched/r4193_sched_3292085e-dcc4-43f9-bc43-e10383fc5fb6/upload_pdf/SocSec%20and%20OLA(IncSuppforStudents)09.pdf;fileType=application%2Fpdf)

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limit of \$150 000 per annum was added for this group to target the savings provisions to lower and middle income families

- the amount of the proposed Student Start Up Scholarship was halved in 2010 to ensure that the package of changes in the Bill remained revenue neutral taking account of the added cost from the new savings provisions for gap year students
- the package of changes would be reviewed in 2012, and
- the remaining workforce participation criterion for independent status would be adjusted to require an average of 30 hours per week of employment rather than ‘at least’ 30 hours per week of employment.<sup>5</sup>

In addition to these changes the Government has undertaken to set up a taskforce looking at issues of participation and attainment by regional students in tertiary education to report by the end of 2010.

## Main provisions

The proposed amendments to the original Bill will be examined in further detail below. For an explanation of the other original provisions see the [Bills digest](#) for the original Bill.

**Proposed new section 4** requires that a review of the impact of the measures in this Bill commence by 30 June 2012. It should pay particular attention to its impact on rural and regional students. The report must be completed within three months and be presented to Parliament within 15 sitting days of the Minister receiving it.

**Item 2 of Schedule 1** amends paragraph 1067A(10)(a) of the *Social Security Act 1991*. This paragraph contains the remaining workforce participation requirement for gaining independent status. At present a person is required to have worked for at least 30 hours per week for the relevant period to qualify. The amendment would change that to an average of 30 hours per week to allow for situations where working hours vary from week to week.

**Item 3 of Schedule 1** inserts **proposed new subsection 1067A(10C)**. This subsection contains the savings provisions for people affected by the changes to the independence criteria contained in **new subsections 1067A(10A) and (10B)**.

**Proposed paragraphs (d) and (f) of new subsection 1067(10C)** have been amended to allow people affected by these savings provisions to start a tertiary course at any time during 2010 and still be able to claim independent status. The original Bill only gave them until 30 June 2010 to start such a course.

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5. J Gillard MP (Minister for Education), ‘Second Reading Speech: Social Security and Other Legislation Amendment (Income Support For Students) Bill 2009’, House of Representatives, *Debates*, 25 November 2009, pp. 12891–12895.

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**Proposed paragraph (e) of new subsection 1067(10C)** has also been amended. The original Bill allowed the savings provisions to apply only to students who were required to live away from home to study. The need to live away from home was measured by whether the student faced excessive travel times if they lived at home. The Guide to Social Security Law provides the detail of what constitutes excessive travel time:

‘For the purposes of YA, excessive travelling time is where the time it takes for the young person to travel by public transport from their parent's home to an approved activity, exceeds 90 minutes including walking and waiting times. Restrictions due to lack of, or deficiencies in public transport should also be taken into account. Example: If the only available transport is by bus, with departure and arrival times too early and too late at 6.00am and 10.00pm.’<sup>6</sup>

In this Bill the eligibility for the savings provisions has been broadened to allow people who do not meet the need to live away from home test to qualify provided their parental income does not exceed \$150 000 per annum.

**Item 3 of Schedule 1** also inserts **proposed subsection 1067A(10D)** into the Social Security Act 1991. It sets out the base tax year for the purposes of proposed subsection 1067A(10C) to limit the savings provision.

**Item 4 of Schedule 2** provides for the introduction of the Student Start Up Scholarship. **Proposed new section 592H** specifies the amount of the scholarship to be paid. The original Bill specified that an amount of \$1127 would be paid. This Bill provides for this amount to be reduced to \$717 in 2010 and for the amount to increase to \$1127 in 2011 (to be indexed annually thereafter). This change is to ensure that the package of changes in the Bill remained revenue neutral taking account of the added cost from the new savings provisions for gap year students.

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6. Department of Families, Housing, Community Services and Indigenous Affairs, ‘Guide to the Social Security Law’, (1,1,E,150), viewed 19 October 2009, [http://www.facs.gov.au/guides\\_acts/ssg/ssguide-1/ssguide-1.1/ssguide-1.1.e/ssguide-1.1.e.150.html](http://www.facs.gov.au/guides_acts/ssg/ssguide-1/ssguide-1.1/ssguide-1.1.e/ssguide-1.1.e.150.html)

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