

26 October 2009

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

Second Reading

Mr BRADBURY» (Lindsay) (12:56 PM)—I rise to offer my wholehearted support for the Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009. I come to this place representing the people of the electorate of Lindsay and I do so unashamedly. There is no question in my mind that the provisions set out within this bill will deliver great benefits to many constituents within my electorate. In the time that I have been in elected office over the last decade, as a councillor and more recently as the federal member, I have had many people raise with me the inequity in the way that student support has been made available to students. Many families earning a modest living have not been able to obtain any benefit through the student assistance that is provided through youth allowance. These changes will expand the number of households, families and individuals within my community who will be able to access student assistance, which is vital for students from low-socioeconomic backgrounds that are attending university or aspiring to attend university. That assistance is absolutely critical to them.

This is an important part of the government's commitment to lifting higher education participation among those from lower socioeconomic backgrounds. The government has set itself the ambitious objective of by 2025 having 40 per cent of those between the ages of 25 and 34 obtaining a bachelor-level qualification. Most importantly, we aspire to having 20 per cent of higher education enrolments at an undergraduate level coming from lower socioeconomic backgrounds. This is of particular importance to my electorate.

I noted in the submission of the Western Sydney Regional Organisation of Councils to the review of higher education that Penrith, which is the local government area within which my electorate is located, has the lowest university participation in the north-west Sydney subregion. According to WSROC, 2.3 per cent is the participation rate. The Greater Western Sydney participation rate sits at about 3.3 per cent, with the Sydney participation rate at 4.5 per cent. Clearly, the WSROC figures demonstrate that many people in Western Sydney do not have access to university education in the way that those in other parts of Sydney have.

I know that many on the other side have brought forward the concerns that they hold for residents, constituents that they represent, in rural and regional communities. I will come to some of the provisions of the bill because I think that there will be many people, not just in electorates like mine but also many people in rural and regional communities that will benefit greatly from the proposals that are before the House at the moment.

I would like to begin by canvassing some of the aspects of the bill and in particular the area that is

going to have one of the biggest impacts on my electorate: the changes to the parental income test. These changes combined with the introduction of the start-up scholarships will deliver a significant benefit to many young people in my community who are seeking to pursue higher education. The changes to the parental income test is an area I have received much feedback on from my local community, and many people that feel that they have not had access to any support in the past will now be pleased to understand that they will be entitled to that relief when these changes come through. To look at what these figures mean to my electorate, under the old regime—the current regime—which is the legacy that was left behind by the former government, the full payment cut-out point sits at an income of \$32,800. That will be increased to \$44,165. Importantly, the median family income in my electorate is approximately \$62,800. A large proportion of families within my electorate will now benefit from the increased opportunity to access the full payment under that threshold of \$44,165.

More significantly for many of the families in my electorate, if we look at the reduced or softened taper rate and the impact it will have on payments that will be available to families whose children are pursuing higher education, we see that, for example, for a family with one child aged 18 at home under the old or current system, we have a total payment cut-off point at \$58,288. Under the proposed changes this will increase to \$75,937. The significance of that is that it takes that threshold above the level of the median household income in my electorate, and I know that there will be many families in my electorate that will benefit greatly from the increased opportunity to access youth allowance and income support. If we have a look at a family that has two children, let us say, one aged 16 and the other aged 17, both at home, the total cut-out point will increase from \$57,794—once again, still below the median family income in my electorate—up to \$97,023. So there will be a large proportion of families in my electorate that will now benefit from that change.

As another example, take two children aged 18 and 20, both at home. If you take this example, under the current arrangements the total cut-out point is that \$62,080. That is just below the median family income in my electorate. That threshold has been increased now to \$107,709, so a huge number of local families will now obtain the benefit of those changes. There are any numbers of permutations on the different types of family arrangements but the main and consistent principle that applies is that there will be more people in my electorate who will benefit from these changes, and that is a great thing.

One of the other changes that the bill proposes, which is a significant change that dovetails with the changes to those cut-out points and the softening of the taper rate, is the start-up scholarship which will ensure that all university students in receipt of youth allowance would receive \$2,254 every year. That is a significant improvement in the position of recipients of youth allowance, and I note the fact that as a result of the relaxation of the parental income test many more students will be able to access youth allowance and will also get the benefit of the start-up scholarship, which will be a massive assistance to those people trying to meet all of the demands and the costs associated with higher education. In addition to that, I see that the bill contains the proposal for relocation scholarships worth \$4,000 in the first year and \$1,000 in each subsequent year, and there are proposals to provide a little bit more latitude for students in terms of the amount of money they can earn before they start to lose the payments that they receive in the form of their youth allowance. These measures are important measures.

A further measure that the bill contains is in relation to the age of independence, which will reduce progressively from 25 years down to 22 years by 2012. I think that will recognise the reality and the challenges that those students at the age of 22 are facing. The reality is that they are generally independent and not dependent upon their parents. These changes will be a significant part of the government's proposals to lift higher education participation particularly amongst those from lower socioeconomic backgrounds.

I want to come to the false allegation that is made by those on the other side—and there is quite a bit of dishonesty going around in relation to the changes that are proposed for workforce participation criteria. I saw that the shadow minister in a press release that he issued on 20 October this year stated:

Any student from an average farming family, for example, will be ineligible to receive Youth Allowance

because the value of the average family farm exceeds the assets test for the dependent rate of Youth Allowance. However the average farming family income is nowhere near enough to support their child's move to the city, plus rent and living expenses, when that student is at University

From what the shadow minister has said there, you would have expected that under the previous government—they were in government for almost 12 years—there would have been a more generous test in that regard. Clearly, if the shadow minister comes forward and says, 'How outrageous it is that farming families would not meet the assets test,' you would think those on the other side would have found it necessary and prudent to make a change to that test in their 12 years of government. Unfortunately, they did not. In fact, the assets test continues to be the same assets test as that which was in place during the time of the previous government. It begs the question why those on the other side who are getting so excited about this particular proposal did not act to amend the assets test to relieve some of the unfair burden that they believe the test calibrated at that point is going to impose upon people from farming families.

Indeed, the argument that seems to be being put forward by those on the other side is that the changes to the workforce participation criteria are directed at people from farming families. I would simply say to those on the other side that if the workforce participation criteria were only about providing some relief to those from farming families who could not meet the assets test, then why didn't they explicitly say that? Why didn't they explicitly ensure the benefit of that particular avenue for seeking support under the Youth Allowance program? Why didn't they quarantine it just to people from farming families? They did not do that. The consequences of what they did do meant that a very large proportion of people from families who were not in need were receiving the benefit of youth allowance under the independence arrangements with the workforce participation criteria as it currently exists—the one that we intend to change. If we look at the figures there, we see that 18 per cent of those students who were living at home and receiving youth allowance under the independent criteria were from families with household incomes of more than \$150,000.

Those on the other side were quite happy to say to those families in my electorate who were earning less than \$32,800 as a family income that they were not entitled to receive the full amount of youth allowance payments but that it was okay for those families on incomes of more than \$150,000—18 per cent of all students who were receiving payments—and that that was somehow fair, that was about delivering more equitable outcomes in higher education. Well, it was not fair and it did not deliver better outcomes when it came to improving access and equity in higher education participation. The figures are quite stark when we look at the declining rates of participation in higher education, particularly towards the end of the previous government. That is the decline that we seek to redress, and we seek to redress it through a whole range of measures, one of which is better targeting income assistance in the form of youth allowance and Abstudy to those who are particularly in need.

I also make the point in relation to rural and regional students that rural students receiving youth allowance will still have access to the higher away-from-home rate of payment as well as the remote area allowance, the fares allowance for up two return trips home per year and other benefits such as the low-income healthcare card and the pharmaceutical allowance. For those rural students who are dependent on their parents, the family assets test—the test that was in place under the previous government and continues to be in place—applying to dependent youth allowance recipients will take into account current market values, net of business or farm related debts, so we are talking net figures here. The limit is currently set at \$571,500 for most families and is indexed each year. That valuation does not take into account the principal family home and it also excludes up to two hectares, in terms of a curtilage, beyond the family home. So the family home is excluded and the limit is as it previously was and continues to be: \$571,500. That is the assets test and that is indexed each year. In addition to that, a 75 per cent discount is applied when assessing the business assets, including farm assets. This means that youth allowance can be received by dependent young people from small business and farming families, with assets up to the value of \$2.286 million.

I have no difficulties in coming into this place and supporting a bill that says that we are going to ensure that someone from a family on a household income of \$40,000 should not be excluded from the top rate of

Youth Allowance in preference to someone from a household with net assets, excluding the family home, of \$2.286 million. There will be arguments from those on the other side that people from farming families sometimes face particular challenges—and that is true. But I would make the additional point that families who are in drought affected areas, who are in possession of a drought relief exceptional circumstances certificate and who are in receipt of the exceptional circumstances relief payment and a payment under the Farm Household Support Act will also be exempted from the application of the parental income and assets test for student income support payments. Those families who are affected by drought and to whom that criteria apply neither the parental income test nor the assets test will be used to deny students from those families the benefits of the improved student assistance support regime that we are putting forward. In fact, those families are likely to benefit more from the relocation allowance. They will benefit from the start-up scholarship and they will get the benefit of the relocation allowance. When you put the two together, you are talking about a \$6,254 payment in the first year and then \$3,254 in subsequent years. It is certainly nothing to be sneezed at.

There are plenty of families within my electorate who have been denied access to higher education because of the inequities that have existed within the current set of arrangements. This bill and these proposals will ensure that many of those families will be able to support their children and those students will be able to support themselves through university so that they can have the opportunity to realise their potential and to make a great contribution to our economy and country, and that is a great thing. It is a great thing for my region and I am very pleased to be standing up here in support of this proposition.

I make the point that I am not the only one who thinks that this is a good measure when it comes to increasing access for those from lower socioeconomic backgrounds. I note, in particular, that the chair of Universities Australia, Professor Coaldrake, in a recent press release said:

The increases to the parental and personal income thresholds will mean that more students from lower socio-economic backgrounds will be able to access the full rate of youth allowance while other eligible students will benefit from the reduction in the allowance taper rate relating to parental income from 25 per cent to 20 per cent.

The observation I make—supported by many others, in fact by any reasonable objective observer—is that these proposals are totally in alignment with the recommendations of the Bradley review, which found that student assistance has in the past not been as effectively targeted as it should be. I support the bill. This will deliver much needed relief to many families in my electorate and assist people in my community to improve their opportunities to access higher education and to make a contribution to our community.