

1986

THE PARLIAMENT OF THE COMMONWEALTH  
OF AUSTRALIA

SENATE

STUDENT ASSISTANCE AMENDMENT BILL 1986

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Education  
Senator the Hon. Susan Ryan)



# STUDENT ASSISTANCE AMENDMENT BILL 1986

## OUTLINE

The Student Assistance Amendment Bill 1986 amends the Student Assistance Act 1973 to provide for the granting of assistance to students in secondary education. Under the Principal Act, assistance can only be granted to students in universities, colleges of advanced education and technical and further education colleges. The amendments will allow for the provision of benefits to secondary students undertaking courses approved by the Minister.

The Principal Act and its regulations currently cover the granting of assistance to tertiary and postgraduate students only, under the Tertiary Education Assistance Scheme (TEAS) and the Postgraduate Awards Scheme (PGA). The Amendment Bill will not affect PGA but will allow the introduction of a single scheme of assistance covering both secondary and tertiary students. This new scheme, to be known as AUSTUDY, will replace TEAS, the Adult Secondary Education Assistance Scheme (ASEAS) and the Secondary Allowances Scheme (SAS). ASEAS and SAS are not currently covered by legislation.

The detailed provisions of AUSTUDY will be set out in regulations to the Student Assistance Act 1973 as amended by the Bill. The fundamental elements of those provisions were announced by the Government in the 1985/86 Budget and include:

- . an allowance structure based on age, with allowances commencing at age 16, with a higher rate applying from age 18;
- . for 1987 maximum levels of allowances for dependent tertiary students living at home aged 16 and 17 aligned with the maximum level of unemployment benefit for people of that age
  - other rates of AUSTUDY allowances will be aligned with corresponding rates of unemployment benefit in subsequent years;
- . greater consistency in the detailed conditions applying to allowances for secondary and tertiary students;
- . indexing of allowances and income test levels once the new structure is in place to ensure the real value of benefits is not eroded.

The Bill, strictly speaking, has no direct financial impact in that it does not provide for increases in allowances. The increases in allowances and progressive aligning of them with UB rates will be achieved by amending the regulations to the Principal Act. The financial implications of AUSTUDY are, however, significant.

In 1985/86 the expenditure on the three student assistance schemes that AUSTUDY will replace was \$401.5M. In 1986/87 it is expected that expenditure on TEAS, SAS and ASEAS recipients up to 31 December 1986 and AUSTUDY recipients from 1 January to 30 June 1987 will be \$487.7M. The estimated cost of AUSTUDY in its first full year of operation in 1987 is \$528.5M compared with \$439.2M for TEAS, SAS and ASEAS in 1986. The full cost for AUSTUDY in 1986/87 (that is for the six months 1 January to 30 June 1987) is estimated to be \$271.2M.



## NOTES ON CLAUSES

### Clauses 1 and 2: Short title, etc; Commencement

1. The first two clauses of the Bill provide for the short title and commencement of the legislation. The provisions of the Bill will come into effect on a day to be fixed by Proclamation. It is anticipated that this will be 1 January 1987.

### Clause 3: Benefits provided under this Act

2. This clause amends the Principal Act by omitting the word "tertiary" from the phrase "tertiary education assistance", thereby producing the more general term "education assistance" which can cover assistance for both secondary and tertiary students. Similar changes are made elsewhere e.g. sub-clause 4(c).

### Clause 4: Interpretation

3. The interpretation section of the Principal Act is amended in four significant ways:
  - (1) by omitting the term "tertiary education institution" and replacing it with the broader term "education institution" which is defined to include secondary schools;
  - (2) by substituting the word "means" for "includes" in the definition of "full-time student", thereby allowing the regulations to confine the meaning of "full-time student" to a specified group (being school students whose attendance meets certain criteria and non-school students who undertake at least 75% of a normal full-time workload);
  - (3) by inserting a definition of "secondary school";
  - (4) by slightly revising the definition of "university" to be consistent with the form of the definitions of advanced education institution, technical and further education institution and secondary school. (Each type of institution is to be defined in the regulations by reference to Commonwealth or State Government recognition, e.g. through legislation, funding, registration or certification.)

### Clause 5: PART III - EDUCATION ASSISTANCE

4. This clause repeals Part III of the Student Assistance Act and substitutes a new Part. The principal effect of the new Part is to allow a person who is authorized by the Minister to approve the grant of Education Assistance to a student who is undertaking, or proposing to undertake, a secondary or tertiary course which has been approved by the Minister for the purposes of Education Assistance. This will extend the granting of allowances to students in secondary courses.

5. In section 10, the substantive changes from the Principal Act will be:

- . the general term "Education Assistance" will replace "Tertiary Education Assistance";
- . an authorized person will be enabled to approve the grant of assistance for courses or parts of courses which the Minister has determined in writing are secondary courses or tertiary courses for the purposes of the Act.
- This will distinguish between secondary and tertiary students for whom slightly different allowance rates and conditions will apply.
- Such determinations may be varied or revoked as necessary (by virtue of the Acts Interpretation Act).

6. In Section 11, the substantive changes from the Principal Act will be:

- . the general term, "Education Assistance" will replace "Tertiary Education Assistance";
- . subsection 11(a) will be deleted
  - this stated that Tertiary Education Assistance granted to a person: "shall consist of the payment of amounts equal to any fees of a prescribed kind paid or payable by or in respect of the person"
  - this sub-section was included at the time TEAS was introduced to cover some remnants of former scholarship provisions and no longer represents a component of Education Assistance;
- . reference to the payment of incidentals allowance will be deleted
  - incidentals allowance will no longer be payable from 1 January 1987, being absorbed into the living allowance.

#### Clause 6: Grant of Post-graduate Awards

7. In line with the changes to section 10 of the Act, this clause amends section 14 to provide for approvals "in writing" by the Minister for post-graduate courses, for the purposes of the grant of Post-graduate Awards.

- Again, this makes it clear under the Acts Interpretation Act that such approvals may be varied or revoked.

#### Clause 7: Adjustment of Benefit

8. This clause provides for adjustment of Education Assistance payable to a student where that student has received unemployment, sickness or special benefit which should not have been paid because of section 133(1)(a) of the Social Security Act. This section specifies that these three types of Social Security benefits are not payable to a student who is entitled to Education Assistance.
9. For example, where an unemployment beneficiary decides in March to take up full-time study for the year, AUSTUDY may become payable from 1 January. In this case, any unemployment benefit paid for the period after 1 January will be regarded as an advance toward AUSTUDY and will be deducted from the person's annual AUSTUDY entitlement. This will ensure that the total amount of Commonwealth income support which that person receives for the year equals his or her correct AUSTUDY entitlement for that year.

#### Clause 8: Saving

10. This clause ensures that tertiary education institutions which are approved for the purposes of Tertiary Education Assistance immediately before the commencement of the Amendment Act will continue to be approved once the Principal Act is amended. This approval will remain in force until such time as the regulations provide otherwise.

#### Clause 9: Transitional

11. This clause provides that any outstanding decisions in relation to Tertiary Education Assistance for study undertaken in 1986 may be made under the terms of the existing Act, notwithstanding the changes resulting from the Amendment Act.

