



Australian Government
Department of Social Services

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Deputy Secretary

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Dear Senator Duniam

SUBMISSION TO SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Please find attached a joint submission by the Department of Social Services and Department of Veterans' Affairs to the Senate Community Affairs Legislation Committee Inquiry into the Social Services Legislation Amendment (Better Targeting Student Payments) Bill 2017.

Thank you with providing the opportunity to make a submission.

Yours sincerely

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SOCIAL SERVICES LEGISLATION AMENDMENT (BETTER TARGETING STUDENT PAYMENTS) BILL 2017

This joint submission by the Department of Social Services and the Department of Veterans' Affairs (DVA) provides information on the schedules contained in the Social Services Legislation Amendment (Better Targeting Student Payments) Bill 2017.

The three schedules contained in this Bill introduce measures announced in the 2017-18 Budget, including:

- restricting the Relocation Scholarship to students relocating within Australia and studying in Australia;
- changing the rates of the Pensioner Education Supplement (PES) and the Education Entry Payment (EdEP) to better align with study loads; and
- only paying PES when students are engaged in study and not during study breaks or holidays as is currently the practice.

Schedule 1 – Relocation Scholarship payments

Schedule 1 of the Bill will better target assistance through the Relocation Scholarship for Youth Allowance students to those whose parental family home or usual place of residence is in Australia and to students studying in Australia. Students with a parental home or usual place of residence overseas and students studying overseas will no longer qualify for the Scholarship.

Students receiving the Relocation Scholarship prior to the commencement of this measure with a parental home or usual place of residence overseas will continue to receive the Relocation Scholarship after this date if, on the day they started their current course, their parental home was overseas or six months before their course started their usual place of residence was overseas. Students studying overseas will have their qualification retested after this date, including students who had previously received a Relocation Scholarship whilst studying overseas, and will not be eligible for the Scholarship whilst studying overseas.

The amendments made by this Schedule will commence on 1 January 2018 or from the first 1 January or 1 July after the date of Royal Assent if Royal Assent is not before 1 January 2018.

These changes will also apply to ABSTUDY Living Allowance recipients and will be reflected in the ABSTUDY Policy Manual, with a commencement date aligned with commencement for Youth Allowance recipients.

The legislation and administration of the Relocation Scholarship is complex. The Bill aims to reduce this complexity by ensuring that the Relocation Scholarship primarily

assists students from regional and remote areas of Australia moving away from home to study, consistent with the intent of the payment. This measure is also consistent with the simplification of the payment system and aims to streamline the delivery of the Relocation Scholarship and better reflect the policy intent of the Scholarship.

Commonwealth supported students who undertake part of their Australian course overseas often relocate for short periods of time (e.g. a semester or a year) and may be able to access OS-HELP loans to assist with airfares, accommodation or other travel or study expenses. In addition, Youth Allowance recipients undertaking overseas study as part of their full-time Australian course may be paid for the entire period of their overseas study as long as the study can be credited towards their Australian course. This measure will not affect students' ability to access these forms of assistance.

In 2016, approximately 23,000 students received a Relocation Scholarship. It is estimated that fewer than 300 students per year with parental homes overseas will no longer be able to access the Relocation Scholarship under this measure and fewer than 150 students per year studying overseas will no longer be able to access the Relocation Scholarship.

Schedule 2 – Education Entry Payment

Schedule 2 of the Bill will better target EdEP available under the *Social Security Act 1991* by tailoring the rate of payment to the study load undertaken by the student. This is intended to better reflect the costs students incur as part of their study. Students undertaking part-time study loads do not generally incur the same study costs as those undertaking full-time study loads. It is intended that the new EdEP rates reflect the difference in study load. This measure will not change a person's access to EdEP or a person's primary income support payment.

Currently all recipients of EdEP receive the full lump sum payment of \$208 per year, regardless of their study load. The four new payment tiers that will be introduced to determine a person's rate of EdEP are as follows:

- \$208 per annum (current rate) for study loads of 76% to 100% of the normal amount of full-time study;
- \$156 per annum (new rate) for study loads of 51% to 75%;
- \$104 per annum (new rate) for study loads of 26% to 50%; and
- \$52 per annum (new rate) for study loads of 25%.

EdEP was introduced in 1993 to provide a lump sum payment to eligible income support recipients to assist with some of the up-front costs of education and training. Payment is made each 12 months or each calendar year, depending on the primary social security payment being received. EdEP is available to recipients of Newstart Allowance, Partner Allowance, Widow Allowance, Widow B Pension, Wife Pension, Parenting Payment, Disability Support Pension, Carer Payment and Special Benefit if they are enrolled in an approved course of education at an approved institution or if PES is payable.

It is estimated that 56,100 EdEP recipients that are undertaking a study load of less than 76 per cent will no longer be paid the full rate of the EdEP. These students will be paid one of the new rates of the EdEP commensurate with their study load.

EdEP is also available to assist eligible pensioners receiving certain payments under the *Veterans' Entitlements Act 1986* with the costs of enrolling in a course of study to develop their skills, obtain a qualification, or to improve their employment prospects. The payment is available to both new and existing students. One payment of \$208 is made in each calendar year and it is taxable.

The Bill will also create four payment tiers of EdEP under the *Veterans' Entitlements Act 1986* that will align the payment with the study load undertaken by the student and aligned with EdEP under the *Social Security Act 1991*.

The four payment tiers are:

- \$208 per annum (current rate) for study loads of 76% to 100% of the normal amount of full-time study;
- \$156 per annum (new rate) for study loads of 51% to 75%;
- \$104 per annum (new rate) for study loads of 26% to 50%; and
- \$52 per annum (new rate) for study loads of 25%.

Students with study loads less than 25% will not receive EdEP.

This measure will impact less than 10 DVA clients annually.

The amendments made by this Schedule will commence on 1 January 2018 or from the first 1 January or 1 July after the date of Royal Assent if Royal Assent is not before 1 January 2018.

Schedule 3 – Pensioner Education Supplement

Schedule 3 of the Bill will better align PES fortnightly rates with a person's study load. The Schedule will also ensure that payments of PES will cease during semester breaks and holiday periods. Similar to Schedule 2, these amendments are intended to better reflect the costs students incur as part of their study. Students undertaking part-time study loads do not generally incur the same study costs as those undertaking full-time study loads and it is proposed PES rates reflect this. This measure will not change a person's primary income support payment.

Under this measure, four payment tiers will be introduced. These four payments tiers are as follows:

- \$62.40 per fortnight (current rate) for study loads of 76% to 100% of the normal amount of full-time study;
- \$46.80 per fortnight (new rate) for study loads of 51% to 75%;
- \$31.20 per fortnight (current part rate) for study loads of 26% to 50%; and
- \$15.60 per fortnight (new rate) for study loads of 25%.

PES is currently paid during semester breaks and end of year holidays, as well as during study periods. The amendments made by this Schedule will ensure that payments will only be made within study periods.

For vacation periods between study periods and vacation periods within a study period the person will no longer be paid the supplement. Payment of PES will resume once the person resumes their studies (provided they are otherwise qualified).

The amendments made by this Schedule will commence on 1 January 2018 or from the first 1 January or 1 July after the date of Royal Assent if Royal Assent is not before 1 January 2018.

Introduced in 1987, PES is a fortnightly supplement to assist income support recipients with some of the ongoing costs of full-time or part-time study, so that they may obtain skills and qualifications to participate in the labour market. PES is paid at two rates, \$62.40 or \$31.20 per fortnight, depending on an individual's primary income support payment and study load.

It is estimated around 31,100 full-rate PES recipients and around 1,200 part-rate recipients each year will be paid lower rates under this measure. All PES recipients, that is around 39,700 people, will no longer be paid PES during semester breaks and holiday periods.

These changes will also apply to PES payments made under the ABSTUDY Scheme and the Assistance for Isolated Children Scheme. Amendments will be made to the ABSTUDY Policy Manual and the Assistance for Isolated Children Scheme Guidelines, with a commencement date aligned with commencement of amendments to the *Social Security Act 1991*.