

# Chapter 1

## Inquiry into the Social Security Legislation Amendment (Better Targeting Student Payments) Bill 2017

### Purpose of the Bill

1.1 The Social Security Legislation Amendment (Better Targeting Student Payments) Bill 2017 (Bill) amends three payments relating to higher education.

1.2 **Schedule 1** amends the *Social Security Act 1991* to provide for three additional circumstances in which a student will not be eligible for the relocation scholarship payment. The circumstances are:

- where the student's parents live outside of Australia;
- the student is independent and their usual place of residence six months prior to undertaking study was outside of Australia; or
- the student's place of study is outside of Australia.<sup>1</sup>

1.3 The Explanatory Memorandum to the Bill explains that the changes detailed in Schedule 1 close a loophole to ensure that places outside of Australia are not treated as remote locations for the purposes of the relocation scholarship payment.<sup>2</sup>

1.4 **Schedule 2** amends the *Social Security Act 1991* and the *Veteran's Entitlements Act 1986* to realign the education entry payment (EdEP) with the student's study load. Currently, students receiving some social security payments and certain payments administered by the Department of Veterans' Affairs receive \$208 per year as a lump sum regardless of their study load. The Bill provides for four payment tiers depending upon the student's study load.

1.5 **Schedule 3** amends the pensioner education supplement (PES) in accordance with the pensioner's study load. Similar to Schedule 2, the Bill provides for four payment tiers.

### Background

1.6 The Community Affairs Legislation Committee (committee) has considered these measures in previous inquiries.<sup>3</sup>

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1 Bill, sch. 1, Item 1; Explanatory Memorandum, pp. 5–7.

2 Explanatory Memorandum, p. 5.

3 Relocation scholarship payment see Community Affairs Legislation Committee (Committee), *Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014 [Provisions]*; *Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014 [Provisions]*, September 2014, pp. 7, 37–38 (2014 Budget report). EdEP and PES see: 2014 Budget report, pp. 7, 38–39; Committee, *Social Services Legislation Amendment (Budget Repair) Bill 2016 [Provisions]*, October 2016, pp. 3, 6–9; Committee, *Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017 [Provisions]*, March 2017, pp. 5, 11–12.

1.7 In the 2017–18 Budget, the government announced that it would realign the EdEP and the PES instead of abolishing the payments as previously announced.<sup>4</sup>

### **Financial impact**

1.8 The amendments in Schedule 1 are expected to save \$1.9 million over the forward estimates.<sup>5</sup>

1.9 The amendments in Schedules 2 and 3 are expected to save \$94.7 million over the forward estimates.<sup>6</sup>

### **Legislative Scrutiny**

1.10 The Senate Scrutiny of Bills Committee expressed no comment about the Bill.<sup>7</sup> The Parliamentary Joint Committee on Human Rights (PJC Human Rights) considered the Bill in *Human Rights Scrutiny Report No. 8 of 2017*.<sup>8</sup> The PJC Human Rights considered that removing the relocation scholarship may infringe on the right of recipients to social security; it asked the Minister for further advice on whether the measure was reasonable and proportionate.<sup>9</sup> The Minister provided a response to PJC Human Rights on 25 August 2017.<sup>10</sup>

### **Conduct of the inquiry**

1.11 The Bill was introduced to the House of Representatives on 21 June 2017. The Senate Selection of Bills Committee referred the Bill to the committee for inquiry and report by 7 September 2017.<sup>11</sup>

1.12 The committee advertised the inquiry on its website and wrote to relevant individuals and organisations inviting submissions by 4 August 2017. A list of the nine submissions to the inquiry is available at Appendix 1. The committee decided not to hold a hearing as part of this inquiry.

1.13 The committee thanks those submitters who submitted to the inquiry.

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4 Commonwealth of Australia, *Budget Measures: Budget Paper No. 2 2017–18*, p. 143.

5 Explanatory Memorandum, p. 1.

6 The Hon. Christian Porter MP, Minister for Social Services (Minister), *House of Representatives Hansard*, 21 June 2017, p. 7195.

7 Senate Scrutiny of Bills Committee, *Scrutiny Digest No. 8 of 2017* (9 August 2017) p. 20.

8 Parliamentary Joint Committee on Human Rights (PJC Human Rights), *Human Rights Scrutiny Report No. 8 of 2017* (15 August 2017) p. 44.

9 PJC Human Rights, *Human Rights Scrutiny Report No. 8 of 2017*, (15 August 2017) p. 45. PJC Human Rights requested the Minister's response by 28 August 2017.

10 PJC Human Rights, *Correspondence register*, Table 2: Recent correspondence received, [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Human\\_Rights/Correspondence\\_register](http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Human_Rights/Correspondence_register) (accessed 22 August 2017).

11 Senate Selection of Bills Committee, *Selection of Bills Report No. 7 of 2017* (22 June 2017) [p. 3]; *Journals of the Senate*, No. 48, 22 June 2017, pp. 1540–1542.

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## Issues identified during the inquiry

### *Schedule 1—Relocation scholarship payment*

1.14 Some submitters raised concerns that restricting the relocation scholarship on a basis other than need may disadvantage some low socio-economic students.<sup>12</sup>

#### *Correcting an unintended consequence*

1.15 The St Vincent de Paul Society National Council (SVDP), raised concerns that imposing a place of residence requirement on the relocation scholarship payment may have an impact on young refugees on permanent humanitarian visas.<sup>13</sup>

1.16 The Explanatory Memorandum explains that the policy intent of the relocation scholarship payment is to assist low socio-economic students who are required to move for study with the costs of establishing new accommodation, especially for those from regional and rural areas.<sup>14</sup>

1.17 The Explanatory Memorandum notes that students moving from outside of Australia are currently eligible for the relocation scholarship because a loophole in the current legislation includes places outside of Australia as a rural or regional area.<sup>15</sup>

1.18 The Explanatory Memorandum also clarifies that placing the qualification day six months before commencing study is to 'ensure that people who have recently moved from outside Australia to study are not qualified for the relocation scholarship'.<sup>16</sup>

1.19 The submission from the Department of Social Services (Department) explains that the amendments proposed in the Bill 'streamline the delivery of the Relocation Scholarship and better reflect the intent of the Scholarship'.<sup>17</sup>

1.20 The Department's submission notes that these changes are expected to affect fewer than 300 students.<sup>18</sup>

#### *Overseas study assistance*

1.21 The National Social Security Rights Network (NSSRN) expressed concern that the change may prevent some low socio-economic students from pursuing overseas study opportunities that may assist them to become more competitive in the labour market.<sup>19</sup>

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12 Australian Council of Social Service (ACOSS), *Submission 4*, p. 1; National Social Security Rights Network (NSSRN), *Submission 7*, p. 2.

13 St Vincent de Paul Society National Council (SVDP), *Submission 8*, p. 6.

14 Explanatory Memorandum, p. 4.

15 Explanatory Memorandum, p. 5.

16 Explanatory Memorandum, p. 6.

17 Department of Social Services (Department), *Submission 6*, p. 2.

18 Department, *Submission 6*, p. 2.

19 NSSRN, *Submission 7*, p. 2.

1.22 The Department's submission clarifies that OS-HELP loans will continue to assist students that wish to study overseas with the costs of airfares, relocation and other study expenses.<sup>20</sup> Youth Allowance recipients may still receive their full payment whilst they are studying overseas.<sup>21</sup>

1.23 The Department estimates that this change will affect fewer than 150 students.<sup>22</sup>

***Schedules 2 and 3—Education entry payment and pensioner education supplement***

1.24 Schedules 2 and 3 both reduce payments according to the study load undertaken by the student. As submitters raised similar issues in relation to Schedules 2 and 3, they will be considered together.

***Financial hardship***

1.25 Submitters to the inquiry raised the prospect that reducing either payment may result in financial hardship for recipients.<sup>23</sup>

1.26 The Australian Association of Social Workers conducted a survey of students that concluded that many students were already financially vulnerable.<sup>24</sup> SVDP expressed concern that any reduction in the payment would be likely to disproportionately affect women and people with disabilities who rely on these and other social security payments.<sup>25</sup>

1.27 Other submitters suggested that there was a risk that students may not complete their higher education if the payments were reduced.<sup>26</sup>

1.28 The Department's submission explains that the Bill introduces four payment tiers according to the student's study load because:

Students undertaking part-time study loads do not generally incur the same study costs as those undertaking full-time study loads.<sup>27</sup>

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20 Department, *Submission 6*, p. 2. For more on OS-HELP loans see: Australian Government, *Study Assist —OS-HELP loans and overseas study* <http://studyassist.gov.au/sites/studyassist/help-paying-my-fees/os-help-overseas-study/pages/os-help-loans-and-study-overseas> (accessed 22 August 2017).

21 Department, *Submission 6*, p. 2.

22 Department, *Submission 6*, p. 2.

23 Australian Association of Social Workers, *Submission 2*, p. 3; National Council of Single Mothers and their Children, *Submission 3*, p. 1; People with Disability Australia, *Submission 5*, [p 1]; Children and Young People with Disability Australia, *Submission 9*, p. 2.

24 Australian Association of Social Workers, *Submission 2*, p. 3.

25 SVDP, *Submission 8*, p. 8. See also National Council of Single Mothers and their Children, *Submission 3*, pp. 1, 3; ACOSS, *Submission 4*, p. 2; NSSRN, *Submission 7*, p. 3; Young People with Disability Australia, *Submission 9*, p. 2.

26 National Council of Single Mothers and their Children, *Submission 3*, [p. 1]; SVDP, *Submission 8*, p. 9.

27 Department, *Submission 6*, p. 2.

1.29 In his second reading speech, the Hon. Christian Porter MP, Minister for Social Services (Minister), observed that both the EdEP and the PES are supplementary payments that students will continue to receive and that these changes will not have any effect on a person's primary income support payment.<sup>28</sup>

#### *Fixed costs*

1.30 One of the reasons submitters' suggested students may incur financial hardship is that they have certain costs that do not vary with the subject load.<sup>29</sup> These fixed costs may include internet access, computers or stationery.<sup>30</sup>

1.31 Submitters note that these costs continue regardless of whether a student is studying full-time or part-time; during semester or during semester-break and it would disadvantage recipients to reduce or cease these payments.<sup>31</sup>

1.32 In his second reading speech, the Minister said:

The new rates of the pensioner education supplement and education entry payment are fair and equitable. Students undertaking part-time study loads do not generally incur the same study costs as those studying full-time. It is appropriate for the rates of the pensioner education supplement and education entry payment to reflect this fact. In addition, the pensioner education supplement will be paid only when a recipient is actually engaged in study. That is the time when study costs are actually incurred.<sup>32</sup>

#### *Other concerns*

1.33 Carers NSW and SVDP raised concerns that imposing four payment rates may make the system more complex.<sup>33</sup>

1.34 Other submitters argued that scaling back the EdEP and the PES may be incongruent with other government policies that seek to enable social security recipients to obtain employment.<sup>34</sup>

1.35 The Explanatory Memorandum and the Department's submission both specify that the purpose of the payment tiers is to 'better reflect the costs students incur as part of their study'.<sup>35</sup>

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28 Minister, *House of Representatives Hansard*, 21 June 2017, pp. 7193, 7195.

29 Carers NSW, *Submission 1*, pp. 3–4; ACOSS, *Submission 4*, pp. 2–3; NSSRN, *Submission 7*, p. 3; SVDP, *Submission 8*, p. 7.

30 Carers NSW, *Submission 1*, pp. 3–4; ACOSS, *Submission 4*, pp. 2–3; NSSRN, *Submission 7*, p. 4.

31 Carers NSW, *Submission 1*, pp. 3–4; ACOSS, *Submission 4*, pp. 2–3; NSSRN, *Submission 7*, p. 4; National Council for Single Mothers and their Children, *Submission 3*, [p. 1].

32 Minister, *House of Representatives Hansard*, 21 June 2017, p. 7193.

33 Carers NSW, *Submission 1*, p. 3, SVDP, *Submission 8*, p. 8.

34 ACOSS, *Submission 4*, p. 4, People with Disabilities Australia, *Submission 5*, [p. 1]; SVDP, *Submission 8*, p. 7.

35 Explanatory Memorandum, p. 9; Department, *Submission 6*, p. 3.

**Committee view**

1.36 The committee notes submitters' concerns that some students will cease to be eligible for the relocation scholarship payment. The committee recognises that fewer than 450 students will be affected by the change to the relocation scholarship and that the changes better align the scholarship with its policy intent.

1.37 The committee welcomes the government's decision to continue the EdEP and the PES. The committee acknowledges that some students will be impacted by the changes however notes that since the introduction of these payments individuals wishing to undertake study have access to more targeted support, such as HECS-HELP, FEE-HELP and VET FEE-HELP tuition loan programs.

**Recommendation 1**

**1.38 The committee recommends that the Bill be passed.**

**Senator Slade Brockman**

**Chair**