

# Australian Labor Party Senators' Dissenting Report

1.1 Labor Senators on this committee reject the recommendation of the majority report.

1.2 This Bill contains changes to the eligibility requirements of the Relocation Scholarship and cuts to the Education Entry Payment and the Pensioner Education Supplement.

1.3 Although Labor Senators welcome the Government's abandonment of previous plans to abolish the Education Entry Payment and the Pensioner Education Supplement entirely, there is still significant concern regarding the impact of these cuts on income support recipients who are undertaking study, who are predominantly women and people with disability.

1.4 This concern is stated in the submissions provided to this Inquiry by a broad range of community sector organisations.

## Cuts to already modest payments

1.5 The Education Entry Payment and the Pensioner Education Supplement are modest payments designed to assist certain income support recipients to undertake study or training so that they can participate in the workforce.

1.6 Both the Australian Council of Social Service and the National Council for Single Mothers and their Children have provided evidence about the importance of these payments.<sup>1</sup>

1.7 The Australian Association of Social Workers expressed concern regarding these cuts when the payments that low income students receive have been declining in real value for the last 15 years and are already insufficient to meet basic living costs.<sup>2</sup>

1.8 Research into the financial circumstances of students by the Australian Association of Social Workers, emphasises the financial pressures already being faced by students, finding that:

- 55% regularly went without food or other necessities due to not being able to afford them;
- 67% could not afford clothing;
- 43% could not afford accommodation;
- 87% could not afford to purchase all of the recommended texts for their classes
- 35% indicated an increased likelihood of dropping out as a result of a lack of financial support.<sup>3</sup>

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1 Australian Council of Social Service, *Submission 4*, p. 3; National Council for Single Mothers and their Children, *Submission 3*, pp. 4–5.

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

1.9 The changes in this Bill would leave 56 100 people currently receiving the Education Entry Payment worse off. The majority of these people are Disability Support Pension, Parenting Payment Single and Carer Payment recipients.<sup>4</sup>

1.10 Additionally, 39 700 recipients of the Pensioner Education Supplement will be worse off as a result of new non-payment periods during semester breaks.<sup>5</sup>

1.11 A further 32 300 recipients of the Pensioner Education Supplement will also be paid a lower fortnightly rate.<sup>6</sup>

1.12 The National Council for Single Mothers and Their Children has calculated the impact of these changes for a single mother with a study load between 51% and 71% of a full time TAFE course in South Australia. This woman would have the combined amount of Pensioner Education Supplement and Education Entry Payment she receives each year cut by 55%. Based on these calculations, she would be \$832 worse off each year.<sup>7</sup>

1.13 St Vincent de Paul argue against the implementation of these changes, and state that 'if enacted, this Bill would make it harder for people to survive on already low payment levels, as well as making it more difficulty to access education.'<sup>8</sup>

1.14 St Vincent de Paul characterise the cuts to the rate of the Education Entry Payment as 'deeply unfair, inequitable and without any convincing policy of evidentiary justification', as the people who will be impacted by this cut already face significant barriers to education and rely on income support payments which are below the poverty line.<sup>9</sup> St Vincent de Paul argues that cutting these payments reinforces disparities in access to education between Australians of different socio-economic status.<sup>10</sup>

1.15 St Vincent de Paul write that:

Deep inequities continue to characterise our tertiary education sector, and access to tertiary studies and training opportunities are increasingly out-of-reach for those on low incomes. Many who do study at university are placed under enormous financial pressure, and this in turn compromises their health, well-being and educational outcomes.<sup>11</sup>

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3 Australian Association of Social Workers, *Submission 2*, pp. 2–3.

4 Australian Council of Social Service, *Submission 4*, p. 2.

5 Australian Council of Social Service, *Submission 4*, p. 2.

6 Australian Council of Social Service, *Submission 4*, p. 2.

7 National Council for Single Mothers and their Children, *Submission 3*, p. 2.

8 St Vincent de Paul, *Submission 8*, p. 3.

9 St Vincent de Paul, *Submission 8*, p. 7.

10 St Vincent de Paul, *Submission 8*, p. 3.

11 St Vincent de Paul, *Submission 8*, p. 3.

1.16 This evidence suggests that cutting already low income support payments to recipients who are studying places them further at risk of severe financial hardship and long term dependency on the social security system.

### **Inconsistent Objectives**

1.17 Cutting support to income support recipients who are studying to increase their employability is inconsistent with the often-stated aim of the Government that income support recipients should be encouraged to find employment.

1.18 People with Disability state that 'if the Bill is passed those on the lowest incomes, including people with disability, will be further pushed into poverty and financial hardship. It will make it harder for people with disability to start or to continue undertaking education. Plans to cut these payments are counter to the Government's focus on increasing employment opportunities through education. Whilst expectations for pensioners to undertake education increase, the very means of supporting access to education for pensioners are being cut.'<sup>12</sup>

1.19 St Vincent de Paul also argue that adding additional payment tiers to the payments further complicates the payments system, and that this is contrary to the Government's aim of simplification.<sup>13</sup>

### **Disproportionate effect of changes**

1.20 This Bill will disproportionately impact women and people with disability.

1.21 The National Council for Single Mothers and their Children argues that single mothers will be disproportionately impacted by the cuts to the Education Entry Payment and the Pensioner Education Supplement because they are studying to gain employment and are unable to study full time due to the time-constraints placed on them as a result of being a sole parent.<sup>14</sup>

1.22 Women and people with disability will be disproportionately impacted by this cut.<sup>15</sup>

1.23 43% of current recipients of the Pensioner Education Supplement are Parenting Payment Single recipients. According to St Vincent de Paul, poverty rates among unemployed single parents are ten times higher than those of employed single parents.<sup>16</sup>

1.24 St Vincent de Paul say that the majority of their Emergency Relief clients are women, many of whom are single mothers, who have already been impacted by a succession of funding cuts, and cannot cope with another.<sup>17</sup>

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12 People with Disability, *Submission 5*, p. 1.

13 St Vincent de Paul, *Submission 8*, p. 8.

14 National Council for Single Mothers and their Children, *Submission 3*, p. 1.

15 St Vincent de Paul, *Submission 8*, p. 8.

16 St Vincent de Paul, *Submission 8*, p. 9.

17 St Vincent de Paul, *Submission 8*, p. 3.

1.25 41% of Pensioner Education Supplement receive the Disability Support Pension while 80% of Pensioner Education Supplement recipients overall are women.<sup>18</sup>

1.26 Children and Young People with Disability has expressed concern that cutting the Education Entry Payment and the Pensioner Education Supplement will further entrench the disadvantage experienced by young people with disability, particularly those seeking to access or participate in education.<sup>19</sup>

### **Changes fail to understand the needs of students**

1.27 The Committee has received evidence that it is inappropriate to pay the Education Entry Payment at different rates because most upfront costs associated with study are fixed, and not variable based on study load.

1.28 The Australian Council of Social Services argue that upfront costs of study are static, and do not decrease with study loads.<sup>20</sup>

1.29 The National Social Security Rights Network also argue that many costs of study are fixed, and do not vary with study load, for example the cost of internet access does not change based on study loads.<sup>21</sup>

1.30 The National Social Security Rights Network also argue that 'at \$208 per year [the Education Entry Payment] is unlikely to meet all the additional costs of study for many students, regardless of study load'.<sup>22</sup>

1.31 Further, the Committee also received evidence that ceasing payment of the Pensioner Education Supplement would be harmful to recipients.

1.32 Carers Australia argues that payments should be continued during non-study periods, as fixed costs associated with study do not cease during non-study periods. These costs include home internet connections and associated data plans and organisation membership of subscription costs directly related to the field of study.<sup>23</sup>

1.33 Carers Australia also argue that it is inappropriate to cease payment during semester breaks, as students often use this time to complete other course-related requirements. They say this is particularly the case for carers, whose caring responsibilities limit the time available for study.<sup>24</sup>

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18 St Vincent de Paul, *Submission 8*, p. 8.

19 Children and Young People with Disability, *Submission 9*, p. 3.

20 Australian Council of Social Services, *Submission 4*, p. 2.

21 National Social Security Rights Network, *Submission 7*, p. 3.

22 National Social Security Rights Network, *Submission 7*, p. 3.

23 Carers Australia, *Submission 1*, p. 4.

24 Carers Australia, *Submission 1*, p. 4.

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1.34 The National Council for Single Mothers and their Children echo this view. The National Council argues that breaks in formal study periods is often the busiest period for assignment preparation and exam revision.<sup>25</sup>

1.35 The National Social Security Rights Network also highlight the appropriateness of continuing to pay the Pensioner Education Supplement during non-study periods. The Network argues that, as drafted, the Bill would prevent payments to students during mid-semester breaks, which are periods where students cannot work and continue to incur the normal additional costs of study.<sup>26</sup>

1.36 Finally, the Government attempts to justify these cuts by pointing to existing supports to students through schemes such as HECS-HELP, FEE-HELP and VET FEE HELP. However, as St Vincent de Paul argue in their submission, these schemes do not cover the ongoing and upfront costs of education, and therefore do not duplicate the assistance provided by the Education Entry Payment and the Pensioner Education Supplement.<sup>27</sup>

1.37 Labor Senators agree with the majority of evidence put to the Inquiry, that the changes proposed to the Pensioner Education Supplement and the Education Entry Payment will have negative impacts on some of the most vulnerable Australians.

1.38 Labor will oppose these cuts.

### **Recommendation 1**

**1.39 Labor Senators recommend that the Senate reject the Social Services Legislation Amendment (Better Targeting Student Payments) Bill 2017.**

**Senator the Hon Lisa Singh**

**Senator Murray Watt**

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25 National Council for Single Mothers and their Children, *Submission 3*, p. 1.

26 National Social Security Rights Network, *Submission 7*, p. 3.

27 St Vincent de Paul, *Submission 8*, p. 8.

