

# Dissenting Report by the Australian Greens

1.1 The Australian Greens oppose the Social Services Legislation Amendment (Better Targeting Student Payments) Bill 2017 (the Bill), which contains a package of measures from the 2017–18 Budget. The measures will:

- remove eligibility to the Relocation Scholarship for students whose parental home or usual place of residence is outside Australia or who study part of their course overseas;
- implement new rate structures for the Education Entry Payment and the Pension Education Supplement; and
- stop the payment of the Pension Education Supplement during semester breaks and holidays.

1.2 While the Government announced in the 2017–18 Budget that it would no longer pursue abolishing the Education Entry Payment and the Pension Education Supplement, the measures in this Bill will still significantly impact income support recipients who are studying and impede their capacity to continue their studies.

1.3 The Australian Greens opposed the abolishment of the Education Entry Payment and the Pension Education Supplement, and while we welcome the Government's decision to abandon the abolishment of these payments, we oppose the creation of new rate structures for both payments.

## Relocation Scholarship

1.4 Schedule 1 of the Bill will restrict the circumstances in which a student will be eligible for the Relocation Scholarship to when they are relocating within Australia and studying in Australia.

1.5 This measure is only estimated to save \$1.9 million over the forward estimates.<sup>1</sup> As Australian Council of Social Service (ACOSS) said in its submission:

[S]ocial security payments should be paid on the basis of financial need and not guided by arbitrary conditions. This cut does not stand up to that test.<sup>2</sup>

1.6 As the National Social Security Rights Network (NSSRN) said in its submission:

Relocation scholarships should be generally available to all low income students who move away from home to study, regardless of the location of the family home or where the student chooses to study. This is consistent with the original intention of the payment and provides support on an equitable basis. The scholarship should respond to the need for support with the costs of moving away from home without additional restrictions. Among other things, this means that students from low income

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1 Explanatory Memorandum, p. 1.

2 ACOSS, *Submission 4*, p. 1.

backgrounds who have the opportunity to undertake study overseas have this additional support.<sup>3</sup>

1.7 The Australian Greens do not support this further restriction on the Relocation Scholarship and are of the view it should be available to low income students who are required to relocate for post-secondary study.

### **Education Entry Payment and Pensioner Education Supplement**

1.8 Schedules 2 and 3 of the Bill create new rate structures for the Education Entry Payment and Pensioner Education Supplement respectively, with these payments being reduced according to the study load of the student. In addition, the Pensioner Education Supplement will no longer be paid during semester breaks and holidays.

1.9 The new rate structures provide four payment tiers for each payment. Currently, there is a flat rate for the Education Entry Payment (\$208 once a year) and two payment rates for the Pension Education Supplement (\$62.40 or \$31.20 a fortnight depending on the recipient's primary income support payment and their study load).

1.10 For the Education Entry Payment, the top rate will remain at \$208 a year and this would be for those undertaking a study load of 76% to 100% of a full-time study load. The second rate would be \$156 a year for those undertaking a study load of 51% to 75%, followed by \$104 a year for those undertaking a study load of 26% to 50% and lastly \$52 a year for those undertaking a study load of 25%.

1.11 As the N SSRN said in its submission:

[A]t \$208 per year this payment is unlikely to meet all the additional costs of study for many students, regardless of study load. Put another way, proposing a tiered rate structure for a payment based on study load might make some sense if many people were being over-compensated. It seems unlikely that this is widespread in the case of a payment of little more than \$200 a year.<sup>4</sup>

1.12 This is particularly the case when this payment is designed to assist with the upfront costs of studying, which are likely to be much higher than \$200 a year.

1.13 ACOSS said in its submission that '[a]s a result, 56,100 people receiving the Education Entry Payment would have their payment cut. Many of these people would be Disability Support Pension, Parenting Payment Single and Carer Payment recipients.'<sup>5</sup>

1.14 For the Pensioner Education Supplement, the top rate will remain at \$62.40 per fortnight, followed by \$46.80 per fortnight, \$31.20 per fortnight and lastly \$15.60

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3 N SSRN, *Submission 7*, p. 2.

4 N SSRN, *Submission 7*, p. 3.

5 ACOSS, *Submission 4*, p. 2.

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per fortnight. The study load percentages for each tier of the payment are the same as the Education Entry Payment above.

1.15 ACOSS said in its submission that:

32,300 people will lose fortnightly income because they study part-time and will be paid at a lower rate.

The proposed tiers would see someone with a 50% study load who is currently paid the full rate of PES have their fortnightly payment cut in half to \$31.20. Others will see a drop of \$15.60 per fortnight.<sup>6</sup>

1.16 As the NSSRN said in its submission:

The proposed changes also seem to us not to grapple adequately with other aspects of the current rate structure. The current rate structure is, in part, based on study load. However, some part-time students have access to the higher rate, including students receiving the Disability Support Pension. This rate structure, in effect, also provides a higher level of support to students with a disability who often have higher costs associated with study, such as higher mobility costs.<sup>7</sup>

1.17 The Government argues that the costs associated with studying are generally less for part-time students and so the rates of these payments should reflect this.<sup>8</sup> Unfortunately, this argument does not account for the fixed costs that are unchanged by a student's study load, such as purchasing a desk, computer or stationary, or paying for internet connections and usage.<sup>9</sup>

1.18 The Government also argues that the Pensioner Education Supplement only needs to be paid 'when a recipient is actually engaged in study. This is the time when study costs are incurred.'<sup>10</sup>

1.19 As the National Council of Single Mothers and their Children said in its submission:

Cutting payments in breaks is another irrational proposition as the student workload generally increases during 'dedicated breaks' in an academic calendar thus reducing the time in which students can access alternative paid employment. These breaks are consciously structured to allow for time in which major assignments are written, meetings with tutors scheduled and exam preparation and revision undertaken.<sup>11</sup>

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6 ACOSS, *Submission 4*, p. 2.

7 NSSRN, *Submission 7*, p. 3.

8 The Hon. Christian Porter MP, Minister for Social Services (Minister), *House of Representatives Hansard*, 21 June 2017, p. 7193.

9 NSSRN, *Submission 7*, p. 3; Carers Australia, *Submission 1*, p. 3; ACOSS, *Submission 4*, p. 2–3.

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

11 National Council of Single Mothers and their Children, *Submission 3*, p. 1.

1.20 Consequently, during the mid-semester breaks—and even in some cases during the holiday periods—students typically continue to incur the associated costs of education i.e. the cost of internet access.<sup>12</sup>

1.21 There is also uncertainty as to whether the Pensioner Education Supplement will continue to be paid to an income support recipient if they undertake study during breaks.<sup>13</sup>

1.22 As People with Disability Australia said in its submission:

Plans to cut these payments are counter to the Government's focus on increasing employment opportunities through further education. Whilst expectations for pensioners to undertake education increase, the very means of supporting access to education for pensioners are being cut.<sup>14</sup>

1.23 In this regard, ACOSS said:

These education payments provide much needed assistance that improves people's prospects. It is counterintuitive to develop an Investment Approach policy to improve support to people seeking to improve their employment prospects, and at the same time cut assistance that actually helps people on low incomes get meaningful and sustainable employment.<sup>15</sup>

1.24 These measures are also counter to the Government's supposed aim of simplifying the income support system, creating greater administrative and compliance burdens for students and the Department of Human Services.<sup>16</sup>

1.25 For the reasons outlined above, the Australian Greens do not support the introduction of new rate structures for the Education Entry Payment or the Pensioner Education Supplement, nor do we support the restriction on when the Pensioner Education Supplement is paid.

## **Conclusion**

1.26 This Bill cannot be supported by the Australian Greens. It will place added financial pressure on income support recipients who are studying and render it more difficult for them to continue their studies and find work in the future.

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12 NSSRN, *Submission 7*, p. 4; Carers Australia, *Submission 1*, p. 4.

13 ACOSS, *Submission 4*, p. 3.

14 People with Disability Australia, *Submission 5*, p. 1.

15 ACOSS, *Submission 4*, p. 4.

16 Carers Australia, *Submission 1*, p. 3.

**Recommendation 1**

**The Australian Greens recommend that the Senate not pass the Social Services Legislation Amendment (Better Targeting Students Payments) Bill 2017.**

**Senator Rachel Siewert**

