

The Senate

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Community Affairs  
Legislation Committee

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Social Services Legislation Amendment  
(Better Targeting Student Payments) Bill  
2017 [Provisions]

September 2017

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# MEMBERSHIP OF THE COMMITTEE

## 45<sup>th</sup> Parliament

### Members

Senator Slade Brockman (from 17 August 2017), Chair (from 21 August 2017)	Western Australia, LP
Senator Jonathon Duniam, Chair (to 21 August 2017)	Tasmania, LP
Senator Rachel Siewert, Deputy Chair	Western Australia, AG
Senator Linda Reynolds (to 17 August 2017)	Western Australia, LP
Senator the Hon Lisa Singh	Tasmania, ALP
Senator Dean Smith	Western Australia, LP
Senator Murray Watt	Queensland, ALP



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## ABBREVIATIONS

2014 Budget Report	Senate Community Affairs Legislation Committee, <i>Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014 [Provisions]</i> ; <i>Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014 [Provisions]</i> , September 2014.
ACOSS	Australian Council of Social Service
Bill	Social Security Legislation Amendment (Better Targeting Student Payments) Bill 2017
committee	Community Affairs Legislation Committee
Department	Department of Social Services
EdEP	Education Entry Payment
Minister	The Hon. Christian Porter MP, Minister for Social Services
NSSRN	National Social Security Rights Network
PES	Pensioner Education Supplement
PJC Human Rights	Parliamentary Joint Committee on Human Rights
SVDP	St Vincent de Paul Society National Council



# **LIST OF RECOMMENDATIONS**

## **Recommendation 1**

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



# 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**

# 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.



# 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**



# **APPENDIX 1**

## **Submissions received by the Committee**

### **Submissions**

- 1** Carers Australia
- 2** Australian Association of Social Workers
- 3** National Council of Single Mothers and their Children
- 4** Australian Council of Social Service
- 5** People with Disability Australia
- 6** Department of Social Services
- 7** National Social Security Rights Network
- 8** St Vincent de Paul Society National Council
- 9** Children and Young People with Disability Australia