

The Senate

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Community Affairs  
Legislation Committee

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Social Services Legislation Amendment  
(Budget Repair) Bill 2016 [Provisions]

October 2016

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# **MEMBERSHIP OF THE COMMITTEE**

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

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Senator Rachel Siewert, Deputy Chair	Western Australia, AG
Senator the Hon Don Farrell	South Australia, ALP
Senator Linda Reynolds	Western Australia, LP
Senator Dean Smith	Western Australia, LP
Senator Murray Watt	Queensland, ALP



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## **ABBREVIATIONS**

ACOSS	Australian Council of Social Service
AWLF	Australian Working Life Residence
CASS	Chinese Australian Services Society
PJCHR	Parliamentary Joint Committee on Human Rights



# **LIST OF RECOMMENDATIONS**

## **Recommendation 1**

**2.19** The committee recommends that the Bill be amended to include transitional arrangements for current recipients of the Pensioner Education Supplement, to enable them to complete their education or training course.

## **Recommendation 2**

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



# **Chapter 1**

## **Introduction**

### **Purpose and background of the Bill**

1.1 The Social Services Legislation Amendment (Budget Repair) Bill 2016 seeks to reintroduce measures that were previously introduced in the 44<sup>th</sup> Parliament in the Social Services Legislation Amendment (Budget Repair) Bill 2015.<sup>1</sup> The Senate Community Affairs Legislation Committee (committee) inquired and reported to the Senate on the provisions of the previous Bill (Social Services Legislation Amendment (Budget Repair) Bill 2015) on 4 February 2016.<sup>2</sup> That Bill lapsed at the dissolution of the 44<sup>th</sup> Parliament.

1.2 The current Bill is identical to the previous Bill and seeks to amend the *Social Security Act 1991* and related Acts to:

- (a) reduce the length of time recipients may receive the age pension and other payments while outside Australia from 26 weeks to six weeks;
- (b) cease the Pensioner Education Supplement;
- (c) cease the Education Entry Payment; and
- (d) pause indexation for 3 years on the income free areas on working payments; and the income free areas and means testing for student payments.<sup>3</sup>

1.3 In the second reading speech, the Minister for Social Services (Minister), the Hon Christian Porter MP, suggested that the changes outlined in the Bill would underpin the long term sustainability of Australia's income support system. The Minister stated that the Bill would:

Help guarantee the long-term sustainability of the payments system, while ensuring Australia has a targeted, means-tested income support system that

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1 Prior to these measures being introduced in the Social Services Legislation Amendment (Budget Repair) Bill 2015, these measures were introduced in two Bills—the [Social Services Legislation Amendment \(Fair and Sustainable Pensions\) Bill 2015](#) and the [Social Services Legislation Amendment \(Youth Employment and Other Measures\) Bill 2015](#). Both Bills were the subject of an inquiry and report by the Community Affairs Legislation Committee in the 44<sup>th</sup> Parliament.

2 Senate Community Affairs Legislation Committee, [Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]](#), February 2016.

3 Social Services Legislation Amendment (Budget Repair) Bill 2016, [Explanatory Memorandum](#), pp 1–2.

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provides financial assistance to those most in need, while encouraging self-provision.<sup>4</sup>

1.4 The Australian Government foreshadows savings over the forward estimates of \$592.6 million if this Bill is passed.<sup>5</sup> The table below outlines the savings in more detail.

MEASURE	FINANCIAL IMPACT OVER THE FORWARD ESTIMATES (SAVINGS)
Proportional payment of pensions outside Australia	\$168.4 million
Pensioner Education Supplement	\$252.4 million <sup>6</sup>
Education Entry Payment	\$64.4 million <sup>7</sup>
Indexation	\$107.4 million <sup>8</sup>

Source. [EM](#), pp 1–2.

## Key provisions of the Bill

1.5 The Bill is comprised of four schedules which reflect each of the four separate measures. The committee notes that the key provisions of the Bill are identical to the Social Services Legislation Amendment (Budget Repair) Bill 2015 and that these provisions are described in its predecessor committee's report on that Bill.<sup>9</sup> A brief summary of each of these schedules is outlined below.

### ***Schedule 1—Proportional payment of pensions outside Australia***

1.6 Schedule 1 of the Bill would reduce, from 26 weeks to six weeks, the length of time that recipients of certain payments would be paid the basic means tested rate

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4 The Hon. Christian Porter MP (Minister for Social Services), '[Second Reading Speech: Social Services Legislation Amendment \(Budget Repair\) Bill 2016](#)', House of Representatives, *Parliamentary Debates*, 1 September 2016, p. 24.

5 Social Services Legislation Amendment (Budget Repair) Bill 2016, [Explanatory Memorandum](#), pp 1–2.

6 Financial impact refers to indicative estimated savings of administered funding for affected social security payments only, based on the previous commencement date of 1 January 2016. Estimated savings are not net of implementation funding.

7 Financial impact refers to indicative estimated savings of administered funding for affected social security payments only, based on the previous commencement date of 1 January 2016. Estimated savings are not net of implementation funding.

8 Financial impact refers to indicative administered funding for affected social security payments only and is not net of implementation funding.

9 Senate Community Affairs Legislation Committee, [Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]](#), February 2016, pp 2–5.

while outside Australia. This includes recipients of the Age Pension, and certain recipients of Disability Support Pension, Wife Pension and Widow B Pension. After six weeks, the pension would be paid at a proportional rate reflecting the length of a person's Australian Working Life Residence (AWLF).<sup>10</sup>

***Schedule 2 and 3—Cessation of the Pensioner Education Supplement and Education Entry Payment***

1.7 Schedule 2 and 3 of this Bill would repeal the Pensioner Education Supplement and the Education Entry Payment.<sup>11</sup>

***Schedule 4—Pauses on indexation***

1.8 Schedule 4 of this Bill would pause indexation of the income free areas for all working age allowances and for Parenting Payment (single), and the income free areas and other means test thresholds for student payments.<sup>12</sup>

***Commencement dates***

1.9 The commencement dates of each of the schedules in the Bill are outlined in the table below.

<b>Schedule</b>	<b>Commencement</b>
Schedule 1—Proportional payment of pensions outside Australia	From the first day of January, April, July or October after Royal Assent
Schedule 2—Pensioner Education Supplement	From the first day of January or July after Royal Assent
Schedule 3—Education Entry Payment	From the first day of January or July after Royal Assent
Schedule 4—Indexation	For working payments, from the 1 July of the financial year beginning on or after Royal Assent; for student payments, from the 1 January of the calendar year beginning on or after Royal Assent.

10 Social Services Legislation Amendment (Budget Repair) Bill 2016, [Explanatory Memorandum](#), pp 2–3.

11 Social Services Legislation Amendment (Budget Repair) Bill 2016, [Explanatory Memorandum](#), pp 4 & 9.

12 Social Services Legislation Amendment (Budget Repair) Bill 2016, [Explanatory Memorandum](#), pp 14–15.

## Consideration of the Bill by other committees

### *Scrutiny of Bills*

1.10 The Senate Standing Committee for the Scrutiny of Bills made no comment on this Bill and noted that 'this Bill is substantively similar to a Bill introduced in the previous Parliament.<sup>13</sup> Furthermore, the Scrutiny of Bills committee has made no comment on these measures when presented in earlier Bills.<sup>14</sup>

### **Human Rights**

1.11 The Parliamentary Joint Committee on Human Rights (PJCHR) had not considered this Bill at the time of tabling. The PJCHR has concluded previously that the measures contained in the Bill do not 'raise human rights concerns'.<sup>15</sup>

### **Conduct of the inquiry**

1.12 The provisions of the Bill were referred to the committee on 15 September 2016 for inquiry and report by 10 October 2016.<sup>16</sup> The proposal to refer the Bill requested that the committee examine the 'impacts of these measures on those affected'.<sup>17</sup>

1.13 Details of the inquiry, including a link to the Bill and associated documents, were placed on the committee's website.<sup>18</sup> The committee also wrote to 100 organisations and individuals, inviting submissions by 28 September 2016. Submissions continued to be submitted after that date.

1.14 The committee received 14 submissions to the inquiry. The list of submissions received by the committee is listed at Appendix 1. The committee did not hold public hearings for this inquiry.

1.15 The committee thanks those organisations and individuals that made submissions to the inquiry.

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13 Senate Standing Committee for the Scrutiny of Bills, [Alert Digest No. 6 of 2016](#), September 2016, p. 31.

14 Senate Standing Committee for the Scrutiny of Bills, [Alert Digest No. 1 of 2016](#), 3 February 2016, p. 35.

15 Senate Community Affairs Legislation Committee, [Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]](#), February 2016, p. 5.

16 *Journals of the Senate*, No. 7—15 September 2016, pp 211–12.

17 Selection of Bills Committee, [Report No. 6 of 2016](#), 15 September 2016, Appendix 9.

18 See:

[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Community\\_Affairs/BudgetRepair2016](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/BudgetRepair2016).

## Chapter 2

### Key issues

2.1 The committee notes that the measures outlined in the Bill have been previously examined and reported on in the 44<sup>th</sup> Parliament. The committee does not intend to provide a detailed examination of the measures in this report, and refers to its predecessor committee's report on the Social Services Legislation Amendment (Budget Repair) Bill 2015, which recommended that the Bill be passed.<sup>1</sup>

2.2 Consistent with the previous inquiry, the majority of submitters do not support the measures outlined in Bill. These submitters suggest that the proposed measures would disproportionately impact low-income earners and disadvantaged groups. The committee recognises that submitters reiterate concerns that were raised during its predecessor committee's previous inquiry. These concerns are summarised below.

#### Proportional payment of pensions outside Australia

2.3 Most submitters do not support the proposal to reduce the portability of the age pension and other payments. These submitters argue that the measure would have a disproportionate impact on Australia's migrant population, particularly those who have worked in Australia for less than 35 years and would receive a reduced payment after 6 weeks overseas.<sup>2</sup> For example, the Federation of Ethnic Communities' Councils of Australia noted that this measure would affect a significant number of pensioners 'who were born overseas and maintain important ties to their place of birth'.<sup>3</sup> Other submitters stated that this measure will 'disproportionately impact on some of the poorest in the community'.<sup>4</sup>

2.4 The Chinese Australian Services Society (CASS) noted its support for this measure, believing 'that it enables the Government to allocate limited resources to deal with more pressing social issues'.<sup>5</sup>

2.5 The committee reiterates that its predecessor committee has previously examined and expressed its support for the measure proposed in changes to the payment of pensions outside Australia, as the 'measure reinforces the residence based

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1 Senate Community Affairs Legislation Committee, [\*Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]\*](#), February 2016.

2 See: National Welfare Rights Network, *Submission 2*, p. 3; Superannuated Commonwealth Officers' Association, *Submission 5*, p. 1; The Salvation Army, *Submission 8*, p. [1]; Australian Council of Social Service, *Submission 9*, pp 1–2.

3 Federation of Ethnic Communities Council of Australia, *Submission 1*, p. [2]; St Vincent de Paul Society National Council, *Submission 13*, p. 5.

4 National Welfare Rights Network, *Submission 2*, p. 3. See also: Superannuated Commonwealth Officers' Association, *Submission 5*, p. 1; The Salvation Army, *Submission 8*, p. [1]; Australian Council of Social Service, *Submission 9*, pp 1–2; People with Disability Australia Inc., *Submission 11*, p. 5.

5 Chinese Australian Services Society, *Submission 12*, p. 2.

nature of Australia's pension system'.<sup>6</sup> The committee notes that where people receive a proportionally reduced pension under this measure, this is likely to be supplemented through a proportion of pension income support from another country.<sup>7</sup> The committee agrees with the Minister for Social Services (Minister) that the measure would:

...more fairly distribute the retirement costs between countries based on the period of time that people have lived and worked in Australia, and it reflects the principle of shared responsibility—that is, the idea that each country should pay a benefit which reflects a person's association with that country'.<sup>8</sup>

## Cessation of the Pensioner Education Supplement and the Education Entry Payment

2.6 Some submitters do not support the cessation of the Pensioner Education Supplement and Education Entry Payment. These submitters argue that removing the payments would create 'an additional barrier to pensioners taking up training and education opportunities', and could have a 'negative impact on enhanced workforce participation'.<sup>9</sup> In its submission, the Australian Council of Social Service (ACOSS) noted:

The combined loss of removal of these payments is up to \$35 per week. This will particularly disadvantage sole parents who are already facing payment cuts (and have lost the Low Income Support Bonus and new recipients will lose the Family Tax Benefit Energy Supplement payment, which combined amount to at least \$350 per annum). This will make pursuing education and training, which is essential to improve work prospects, more difficult.<sup>10</sup>

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6 Senate Community Affairs Legislation Committee, [\*Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]\*](#), February 2016, p. 9.

7 The Hon. Christian Porter MP (Minister for Social Services), [\*'Second Reading Speech: Social Services Legislation Amendment \(Budget Repair\) Bill 2016'\*](#), House of Representatives, *Parliamentary Debates*, 1 September 2016, p. 23.

8 The Hon. Christian Porter MP (Minister for Social Services), [\*'Second Reading Speech: Social Services Legislation Amendment \(Budget Repair\) Bill 2016'\*](#), House of Representatives, *Parliamentary Debates*, 1 September 2016, p. 23.

9 See: Combined Pensioners and Superannuants Association, *Submission 3*, p. 3; Australian Council of Social Service, *Submission 9*, p. 2; National Council of Single Mothers and Their Children, *Submission 10*, p. 3; People with Disability Australia Inc., *Submission 11*, p. 8; Chinese Australian Services Society, *Submission 12*, p. 3; Senate Community Affairs Legislation Committee, [\*Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]\*](#), February 2016, p. 13.

10 Australian Council of Social Service, *Submission 9*, p. 2. See also: Senate Community Affairs Legislation Committee, [\*Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]\*](#), February 2016, p. 10; National Council of Single Mothers and Their Children, *Submission 10*, p. 3; St Vincent de Paul Society National Council, *Submission 13*, pp 7–8.

2.7 The committee notes that during the previous inquiry, some submitters expressed concern that there are no provisions for transitional arrangements for those currently part-way through a course of study and in receipt of the Pensioner Education Supplement. Whilst the committee notes that submissions to this inquiry did not raise this particular issue, nonetheless, the committee acknowledges this concern.

2.8 The committee notes that the supplement and payment were established before the introduction of other specific tuition assistance schemes such as HECS-HELP, FEE-HELP and VET FEE-HELP; and specific income support payments such as Youth Allowance (student), AUSTUDY and ABSTUDY. The committee further notes that 'despite its name, the Pensioner Education Supplement is not available to people receiving the age pension'.<sup>11</sup> As noted in previous inquiries, the committee is satisfied that 'other supports remain available to assist low income pension recipients and those seeking to undertake further education'.<sup>12</sup>

2.9 The committee also notes that cessation of the Pensioner Education Supplement and the Education Entry Payment is consistent with the 2015 report on the social welfare system titled *A New System for Better Employment and Social Outcomes*. This report noted that:

Ceasing these supplements will also help to simplify the income support system by reducing the number of payment supplements, consistent with the recommendations of the McClure review of welfare.<sup>13</sup>

## **Pauses on indexation**

2.10 Some submitters to this inquiry and previous inquiries do not support changes to indexation. Submitters have argued that 'indexation is essential to maintain the real value of income support' and that pausing indexation 'will cause unnecessary hardship to vulnerable people', and 'undermine incentives to work'.<sup>14</sup> In its submission, ACOSS argued against the pauses on indexation:

Income free areas should not be adjusted through ad-hoc freezing of indexation to achieve short term budget savings at the expense of reducing

11 The Hon. Christian Porter MP (Minister for Social Services), '[Second Reading Speech: Social Services Legislation Amendment \(Budget Repair\) Bill 2016](#)', House of Representatives, *Parliamentary Debates*, 1 September 2016, p. 23.

12 The Hon. Christian Porter MP (Minister for Social Services), '[Second Reading Speech: Social Services Legislation Amendment \(Budget Repair\) Bill 2016](#)', House of Representatives, *Parliamentary Debates*, 1 September 2016, p. 23.

13 Senate Community Affairs Legislation Committee, [Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]](#), February 2016, p. 4. Also see: Reference Group on Welfare Reform, February 2015, [A New System for Better Employment and Social Outcomes](#).

14 See: Superannuated Commonwealth Officers' Association, *Submission 5*, p.1; National Welfare Rights Network, *Submission 2*, p. 4; National Council of Single Mothers and Their Children, *Submission 10*, p. 4; Australian Council of Social Service, *Submission 9*, pp 2–3; St Vincent de Paul Society National Council, *Submission 13*, pp 9–10. See also: Senate Community Affairs Legislation Committee, [Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]](#), February 2016, p. 4.

the incomes of people on low wages. People on allowances are already relying on inadequate levels of income support. The maximum rate of the Newstart Allowance is now just \$38 per day, and has not been increased in real terms for over twenty years. Any measure which further reduces the adequacy of incomes for people partly reliant on allowances should be strongly opposed.<sup>15</sup>

2.11 The committee notes that the proposed pauses to indexation would only impact those recipients whose circumstances change.<sup>16</sup>

2.12 The Minister noted that 220 000 recipients would be affected by the proposed changes, the majority of whom are receiving AUSTUDY, ABSTUDY, Youth Allowance, Newstart Allowance and Parenting Payment (partnered). A small number receiving Parenting Payment (single), Partner Allowance, Sickness Allowance and Widow Allowance would be affected. The committee notes that the proposed pauses to indexation would only impact those recipients whose circumstances change.

2.13 The committee agrees with the Minister that pausing indexation is 'a common lever that has been used by successive governments to realise budget savings' and would have:

...the effect of slowing the growth in social security expenditure and is expected to generate, in these measures, savings of \$107.4 million over the forward estimates.<sup>17</sup>

### Committee view

2.14 This Bill reintroduces a Bill which lapsed at the dissolution of the 44<sup>th</sup> Parliament. This Bill will improve the long term sustainability of the social security system and the federal budget, and will also ensure that the Australian social security system remains targeted to those most in need.

2.15 Submitters have raised concerns about the impact of the measures contained in this Bill on vulnerable and disadvantaged groups in society. The committee acknowledges these concerns; however, is satisfied that this Bill strikes the right balance and provides appropriate safeguards for these groups.

2.16 The committee notes that the vast majority of pension recipients will not be affected by the proposed change to the payment of pensions outside Australia. The committee is confident that people outside of Australia subject to a proportional reduction to their pensions will be able to seek supplementary pension payments from the country in which they are currently living.

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15 Australian Council of Social Service, *Submission 9*, p. 3.

16 Senate Community Affairs Legislation Committee, [\*Social Services Legislation Amendment \(Budget Repair\) Bill 2015 \[Provisions\]\*](#), February 2016, p. 16.

17 The Hon. Christian Porter MP (Minister for Social Services), [\*'Second Reading Speech: Social Services Legislation Amendment \(Budget Repair\) Bill 2016'\*](#), House of Representatives, *Parliamentary Debates*, 1 September 2016, p. 23.

2.17 The committee is satisfied that existing targeted tuition and income support provides more appropriate support than the Pensioner Education Supplement and the Education Entry Payment. The committee acknowledges the need for transitional arrangements for people who are receiving the Pensioner Education Supplement and are part-way through a course of study.

2.18 Finally, the committee highlights that the proposed pauses to indexation would not impact the payments received under working age and student allowances unless a person earns above the income free area consistent with current arrangements.

### **Recommendation 1**

**2.19 The committee recommends that the Bill be amended to include transitional arrangements for current recipients of the Pensioner Education Supplement, to enable them to complete their education or training course.**

### **Recommendation 2**

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

**Senator Jonathon Duniam**

**Chair**



# Australian Labor Party Senators' Dissenting Report

1.1 Labor Senators on this committee reject the recommendations contained in the majority report.

1.2 The measures in this Bill have previously been considered through this Committee's inquiries into:

- the Social Services Legislation Amendment (Fair and Sustainable Pensions) Bill 2015;
- the Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015;
- the Social Services and Other Legislation Amendment (2014 Budget Measures No. 1) Bill 2014 and the Social Services and Other Legislation Amendment (2014 Budget Measures No. 2) Bill 2014; and
- the Social Services Legislation Amendment (Budget Repair) Bill 2015.

1.3 Labor Senators' Dissenting Reports on each of these inquiries outline the conclusive and near unanimous evidence provided to the Committee rejecting the measures.

1.4 Evidence provided to this inquiry has reiterated the damaging impacts of these measures for the most vulnerable in our community and confirms Labor's position that the Bill should be rejected.

1.5 To recommend passage of these measures would be to recommend the imposition of harsh and unfair cuts to low and middle income individuals and families.

1.6 This legislation makes it harder for migrant pensioners to continue to receive their pension while they are overseas. This is a cruel and unfair cut. There are many older Australians who left family or fled conflict on the other side of the world to build a better life in our country.

1.7 They have spent decades working hard, paying taxes, raising families and making Australia a better place. They deserve the pension, just like any other eligible older Australian.

1.8 This legislation will also remove important supports for pensioners and other low-income Australians who are seeking to improve their opportunity in life by getting an education, and meeting the associated costs.

1.9 These measures will have significant impacts on low-income households.

1.10 It is clear that these measures do not carry the support of the vast majority of the submissions made to this inquiry.

1.11 The submitters' comments outlined in the majority report are unequivocal: these measures are fundamentally unfair. They should not be supported.

1.12 Labor Senators see no reason to repeat that evidence again. It is unfortunate that the majority members of the Committee have chosen to dismiss that evidence so comprehensively.

1.13 Labor Senators strongly agree with the weight of evidence presented through the course of this Inquiry, that the Bill be rejected.

**Recommendation 1**

**1.14 Labor Senators recommend that the Senate reject the Social Services Legislation Amendment (Budget Repair) Bill 2016.**

**Senator Murray Watt**

**Senator the Hon. Don Farrell**

# Australian Greens Senators' Dissenting Report

## Introduction

1.1 The Australian Greens do not support the recommendation of the majority report that the Social Services Legislation Amendment (Budget Repair) Bill 2016 (the Bill) be passed.

1.2 The Australian Greens have previously outlined our concerns regarding the measures contained in the Bill in our dissenting report to the Social Services Legislation Amendment (Budget Repair) Bill 2015. We are very disappointed to see that the Government is continuing its harsh agenda punishing vulnerable people, and the concerns we outlined in the dissenting report to the 2015 Bill remain.

1.3 Measures in the Bill that are of particular concern to the Australian Greens are the reduction to the length of time Age Pensioners and recipients of specific other payments with unlimited portability can spend overseas from 26 to 6 weeks while receiving the basic means tested rate, the cessation of the Pensioner Education Supplement and the Education Entry Payment, and the freezing of the income free areas for working age allowances (including student payments) and parenting payment single for three years.

## Changes to payment rates for pensioners travelling outside Australia

1.4 Currently, Age Pensioners (and a number of other income support recipients) are able to receive their full means tested rate for 26 weeks when travelling overseas before their rate is reduced based on their Australian working life residence (AWLR), if it is below 35 years. This measure will reduce the length of time an Age Pensioner can receive their full means tested rate from 26 weeks to 6 weeks.

1.5 This measure is a tightening of an existing restriction, rather than addressing a gap in the system. The measure is poorly targeted, and does not recognise the range of circumstances in which pensioners may need to travel for more than 6 weeks outside Australia. The National Welfare Rights Network stated in its submission:

Residence requirements need to be balanced against the importance of overseas travel, especially for the large proportion of Australians born overseas. This can be especially important for older Australians, who travel to see family and to access care and support. In our experience, many pensioners save up to take longer trips, in part due to the cost of air travel.<sup>1</sup>

1.6 The Australian Greens do not support this measure. It is unfair and will have a significant impact on Age Pension recipients.

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1 *Submission 2, p. 3.*

## **Abolition of the Pensioner Education Supplement and the Education Entry Payment**

1.7 The Pensioner Education Supplement provides a full-time or part-time student receiving an eligible income support payment with an additional \$62.40 or \$31.20 a fortnight, depending on the student's study load.<sup>2</sup> The Education Entry Payment is an annual lump sum payment of \$208 that helps eligible income support recipients who are studying.<sup>3</sup>

1.8 In the Minister's second reading speech to the Bill, he stated:

... since the introduction of these payments, individuals wishing to undertake study have access to more targeted support and financial assistance – for example, the HECS-HELP, FEE-HELP and VET FEE-HELP tuition loan programs assist people of all types to access education and training.<sup>4</sup>

1.9 However, such tuition loan programs are only available for course costs. As the Australian Council of Social Service (ACOSS) stated in its submission:

None provides assistance with other ongoing costs of education, like education materials, transport and the costs of computers and printing. These supplements play an important role in assisting people to improve their work prospects and must be retained.<sup>5</sup>

1.10 The Australian Greens do not support this measure. This measure will make it harder for those already struggling on income support to access education; it contradicts the Government's claimed agenda of encouraging people to improve their skills and enter the workforce. It weakens supports to those studying and relying on income support.

### **Freezing income free areas**

1.11 The amount certain income support recipients can earn (before their payments are reduced) will cease to increase in line with inflation for three years.

1.12 As ACOSS stated in its submission:

Income free areas should not be adjusted through ad-hoc freezing of indexation to achieve short term budget savings at the expense of reducing the incomes of people on low wages. People on allowances are already

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2 Department of Human Services, Centrelink, Pensioner Education Supplement, <https://www.humanservices.gov.au/customer/services/centrelink/pensioner-education-supplement> (accessed 6 October 2016).

3 Department of Human Services, Centrelink, Education Entry Payment, <https://www.humanservices.gov.au/customer/services/centrelink/education-entry-payment> (accessed 6 October 2016).

4 The Hon. Christian Porter MP (Minister for Social Services), '[Second Reading Speech: Social Services Legislation Amendment \(Budget Repair\) Bill 2016](#)', House of Representatives, *Parliamentary Debates*, 1 September 2016.

5 *Submission 9*, p. 2.

relying on inadequate levels of income support. The maximum rate of the Newstart Allowance is now just \$38 per day, and has not been increased in real terms for over twenty years. Any measure which further reduces the adequacy of incomes for people partly reliant on allowances should be strongly opposed.<sup>6</sup>

1.13 The Australian Greens do not support this measure. It will reduce the amount of money people on income support can earn in real terms before their payments are reduced dropping people further into poverty and making it harder to enter the workforce.

### **Recommendation 1**

1.14 **The Australian Greens recommend that the Social Security Legislation Amendment (Budget Repair) Bill 2016 not be passed.**

**Senator Rachel Siewert**

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6 *Submission 9, p. 3.*



# **APPENDIX 1**

## **Submissions received by the Committee**

### **Submissions**

- 1** Federation of Ethnic Communities' Councils of Australia
- 2** National Welfare Rights Network
- 3** Combined Pensioners and Superannuants Association
- 4** Carers Australia
- 5** Superannuated Commonwealth Officers' Association
- 6** Mr Ashley Holmes
- 7** National Seniors Australia
- 8** Salvation Army
- 9** Australian Council of Social Service
- 10** National Council of Single Mothers and their Children
- 11** People with Disability Australia Inc
- 12** Chinese Australian Services Society
- 13** St Vincent de Paul Society National Council
- 14** Alzheimer's Australia