

Submission to Community Affairs Committee

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

August 2017



About ACOSS

The [Australian Council of Social Service \(ACOSS\)](#) is a national advocate for action to reduce poverty and inequality and the peak body for the community services sector in Australia. Our vision is for a fair, inclusive and sustainable Australia where all individuals and communities can participate in and benefit from social and economic life.

Recommendations

We urge the Committee to oppose this Bill

Detailed analysis

Schedule 1: Relocation Scholarship payment

ACOSS position: Oppose

This would deny students the relocation scholarship whilst studying overseas. It would also deny the payment to students who have relocated to Australia from overseas.

There appears to be no clear policy rationale behind tightening eligibility for the relocation scholarship on the basis of whether the student resides or moves overseas. A student's relocation costs would be similar whether they moved from overseas to Australia or moved from Australia overseas.

This cut is only expected to save a tiny \$1.9 million over five years. Very few students receiving the Relocation Scholarship move from overseas to Australia and vice versa, with 450 people expected to be affected.

ACOSS' view is that social 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.

Schedule 2: Education Entry Payment

ACOSS position: Oppose

The Education Entry Payment provides an annual payment of \$208 per annum for people on low incomes to assist with the upfront costs of study. This Bill would reduce the rate of payment in line with the person's study load.

ACOSS opposes this cut.

This schedule would create four tiers of the Education Entry Payment, whereby someone with a 25% study load would receive 25% of the payment, 51% study load would receive 50% and so on.

As 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.

We oppose this cut because it would cut an already inadequate payment. There is no justification for reducing the payment in line with study loads: upfront costs of study would remain the same, regardless of whether the person was studying full-time or part-time. Books, computers, a desk, stationary, an internet connection, etc., do not cost less because one studies part-time.

The Education Entry Payment is designed to help people with the substantial upfront costs associated with study and should not be reduced. New government policy regarding people on low incomes who are undertaking education should aim to provide better support for education, not less.

Schedule 3: Pensioner Education Supplement

ACOSS position: Oppose

The Pensioner Education Supplement (PES) is a fortnightly payment that assists working-age people to train or study to improve their job prospects. Most recipients are people with disability, single parents, carers and people who are unemployed.

The PES is currently paid at two rates – a half rate for people with a study load up to 49% and the full rate for people studying 50% and above.

As with the cut to the Education Entry Payment, the government proposes paying the PES in four tiers, reducing payments for most recipients. It will also not pay this payment during semester breaks.

ACOSS opposes this cut.

39,700 people will lose income for part of the year because of the non-payment period during semester breaks. 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.

Table: Loss of income per fortnight depending on study load

Study load	Currently receive	Would receive	Loss
25%	\$31.20	\$15.60	\$15.60
50%	\$62.40	\$31.20	\$31.20
75%	\$62.40	\$46.80	\$15.60
100%	\$62.40	\$62.40	0

People studying part time may still need to travel into university or TAFE several times per week to attend courses and lectures. They still need to purchase study items and pay for an internet connection. These fixed costs do not decline because of a reduced study load.

Similarly, internet and phone costs do not disappear during semester breaks, and ACOSS rejects the assumption that students do not need the PES at these times. Many students undertake study or training during breaks and it is unclear if they would still be paid the PES. As the Bill is currently drafted, it appears that they would lose their payment over these periods even if they were studying.

Cutting the PES is contrary to other parts of the social security system that encourage people to undertake education or training. For example, Parenting Payment recipients must engage in part-time job search or study when their youngest child turns six. If they choose to study (which can greatly improve their career prospects and wellbeing) they will have to do so with less if this Bill is passed.

It should also be noted that when a single parent's youngest child turns eight, they are forced onto Newstart Allowance, losing \$84.50 per week.

In its submission to the Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017, the National Council of Single Mothers and their Children presented examples of how the PES had helped some single parents:

1. "I got to use it. All 3 years that I studied. I have been in my chosen field now for 3 years, and on. It might not have been much, but I took my son into school with me, he went to child care while I studied no car, 1 bus and 2 trains plus a 20 min walk. It [the PES] definitely helped me, and will no doubt help others. Tuesday I got to interview for my dream job!! - BTW I scored the dream job".
2. "I couldn't have afforded to get my degree without the PES. The yearly allowance was helpful but it was the fortnightly extra that made all the difference...bus fares, printing, a coffee! It also legitimised what I did so I didn't feel like I was taking from my kids!"
3. "When my youngest son started Kindy, I studied a Cert 3 at TAFE part time. I received the PES payment and at that time the payment covered my TAFE fees. I wouldn't have been able to afford to study as a single parent with 4 kids if it wasn't

for PES and the annual study payment I received. I've been working for 10 years now in a job I was offered due to my studies.”¹

The low rates of income support payment make studying or training extremely difficult to finance, which is why the PES provides such relief, evident in these personal accounts. One third of single parents live in poverty and 40% of children living in poverty are in single parent households.²

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.

ACOSS recommends that the Committee reject cutting the PES.

¹The National Council of Single Mothers and their Children Inc. (2017) 'Child Poverty & Families in Distress' Submission to the Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017 <http://www.aph.gov.au/DocumentStore.ashx?id=99e6633a-7651-41a4-90c3-625c0baac779&subId=508733> pp.15-16.

²ACOSS & SPRC (2016) 'Poverty in Australia' <http://www.acoss.org.au/wp-content/uploads/2016/10/Poverty-in-Australia-2016.pdf> pp.12 & 15