

4 August 2017

Committee Secretary
Senate Standing Committees on Community Affairs

By email: community.affairs.sen@aph.gov.au

Dear Committee Secretary

NSSRN submission in relation to the *Social Services Legislation Amendment (Better Targeting Student Payments) Bill 2017*

1. The National Social Security Rights Network (NSSRN) is a peak community organisation in the area of income support law, policy and administration. Our members are community legal centres across the country that provide free and independent legal assistance to current and former social security and family assistance recipients. The NWRN draws on this front line experience in developing its submissions and policy positions.

Overview

2. In summary, we make the following recommendations concerning the *Social Services Legislation Amendment (Better Targeting Student Payments) Bill 2017* ("the Bill"):

Schedule 1 (Relocation Scholarship)

Opposed

Schedules 2 and 3 (Pensioner Education Supplement and Education Entry Payment):

Opposed

3. We make submissions in support of these recommendations below.

Schedule 1 (Relocation Scholarship)

4. This schedule restricts relocation scholarship to students whose families live in Australia and who are studying in Australia.

5. Currently, relocation scholarship is available to full-time students eligible for Youth Allowance who relocate from or to a regional or remote area to undertake post-secondary study. Relevantly, it is available to students whose family home is outside Australia or who choose to study part of their course outside Australia. This is a consequence of the drafting of the definition of remoteness in the legislation.

6. The purpose of the relocation scholarship is to help students (mainly dependent students) with the costs of moving away from home to pursue post-secondary studies. When introduced in 2010, the relocation scholarship was available to all dependent Youth Allowance recipients (and some

independent students) who had to move away from home to study. However, it has since been restricted to students who move from or to a regional or remote area. Students relocating between major cities, even disadvantaged independent students unable to live at home, were prevented from accessing the scholarship.

7. The NSSRN opposes this measure. 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 backgrounds who have the opportunity to undertake study overseas have this additional support. Study abroad is a valuable opportunity for many students and may increase their competitiveness in the labour market. The NSSRN does not accept that this additional support should be unavailable to low income students.

Schedules 2 and 3 (Education Entry Payment and Pensioner Education Supplement)

5. These schedules create new rate structures for Education Entry Payment and Pensioner Education Supplement.

6. Education Entry Payment is an annual lump sum taxable payment of \$208. A person is eligible for this payment if:

- they receive certain payments (mainly Newstart Allowance and Parenting Payment Partnered) for 12 months and enrol in an approved course, or
- if they receive Pensioner Education Supplement (mainly recipients of Carer Payment, Parenting Payment Single or Disability Support Pension).

7. Its purpose is to support long term social security recipients and pensioners improve their job prospects through education or training.

8. This schedule seeks to introduce a new rate structure for this payment from 1 January 2018 based on study load. Instead of a flat rate structure, it would introduce four rates:

- \$208 per year, for study loads of 76% to 100% of a normal full-time study load;
- \$156 per year, for study loads of 51% to 75% of a normal full-time study load;
- \$104 per year, for study loads of 26% to 50% of a normal full-time study load; and
- \$52 per year, for study loads of 25%.

9. The Government argues that the costs of education are lower for part-time students, and the rate structure of the payment should reflect this.

10. There is a similar change proposed for Pensioner Education Supplement.

11. Pensioner Education Supplement is an additional payment for recipients of certain payments (mainly, Carer Payment, Disability Support Pension, Parenting Payment Single and Newstart Allowance (principal carer), who are studying in an approved course full-time or part-time in some circumstances.

12. There are two rates of payment:

- \$62.40/fortnight for full-time students and part-time students in some cases (students with a disability receiving the Disability Support Pension); and
- \$31.20/fortnight for part-time students for part-time students.

13. Schedule 3 seeks to introduce a new rate structure similar to the structure proposed for Education Entry Payment:

- \$62.40 per fortnight, for study loads of 76% to 100% of a normal full-time study load;
- \$46.80 per fortnight, for study loads of 51% to 75% of a normal full-time study load;
- \$31.20 per fortnight, for study loads of 26% to 50% of a normal full-time study load; and
- \$15.60 per fortnight, for study loads of 25%.

14. It also prevents payment of Pensioner Education Supplement during holidays and semester breaks.

15. The NSSRN opposes this measure.

16. Education Entry Payment is paid when a person starts an approved course (and annual thereafter). Its purpose is to help with the upfront costs at the start of a study period. Whilst some educational costs may vary with study load, such as books, many other ones are relatively fixed. Internet access, for instance, is increasingly critical to study and is a fixed cost regardless of study load.

17. Further, at \$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 per year.

18. The NSSRN recommends a flat rate structure be retained to preserve levels of support for disadvantaged students.

19. The NSSRN also opposes the changes to the Pensioner Education Supplement rate structure.

20. We acknowledge that educational costs depend, in part, on study load. However, many educational costs are fixed.

21. 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.

22. Any rate structure is a compromise, as it only has an approximate fit with the costs faced by different students. However, our view is that the current rate structure strikes a better balance than this proposal, especially in how it acknowledges the challenges facing students with disability.

23. The NSSRN also opposes the provisions in this schedule which prevent payment to students during holidays and semester breaks. As drafted, they apply to students in holiday breaks **during** a semester.¹ This fails to acknowledge that mid-semester breaks are typically periods when many students continue to study, complete assignments, attend campus and therefore continue to incur many of the normal additional costs of study.

Contact for this submission

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¹ Proposed s 1061PB(4).