



## Response to the Senate Standing Committee on Community Affairs' Inquiry into the Social Services Legislation Amendment (Fair and Sustainable Pensions) Bill 2015

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NDS appreciates the opportunity to comment on the Social Services Legislation Amendment (Fair and Sustainable Pensions) Bill 2015 (the Bill). We restrict our comments to Schedules 5 and 6 of the Bill:

- Schedule 5 will cease the Pensioner Education Supplement (PES) from 1 Jan 2016, which will reduce income support for students with disability (among others) by \$62.40 a fortnight (if studying more than 50% full-time) or \$31.20 (if studying less than 50% full-time).
- Schedule 6 will cease the Education Entry Payment (EdEP) from 1 Jan 2016, which removes an annual supplement of \$208 paid to people receiving a carer payment or disability pension (among others) to address upfront education costs (such as the acquisition of books).

These measures will reduce the capacity and incentive for some people with disability and some carers to undertake study.

People with disability on a pension and people receiving carer payment have limited disposable income, which is a barrier to successful participation in study. Study often involves costs such as travel to classes and course materials.

The government has argued that these costs could be met through access to job seeker support funds, HECS-HELP or Austudy and related schemes. This is not the case:

- While job seeker funds may cover start-up costs for books and equipment for 'employment-related' or 'pre-vocational' training, they are not available for expenses associated with general education such as a bachelor degree prior to employment.
- The HECS-HELP and related loan schemes cover fees not the extra costs that arise from educational participation.
- ABSTUDY, Austudy and Youth Allowance available from Centrelink are means-tested allowances for full-time students. Many people with disability cannot study full-time and if they were receiving a disability pension and associated supplements it is likely that they would not be eligible for this allowance under an income test.

### **Improving the education and economic participation of people with disability should be a budget priority**

The government has argued that the proposed budget measures in Schedules 5 and 6 of the Bill are proportionate to the goal of long-term sustainability of social security. This is short-sighted as long-term economic sustainability requires increased economic participation by people with disability and carers. Education is a key strategy for helping to

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achieve this. The imperative for increased economic participation of people with disability is convincingly laid out in the National Disability Strategy and the 2011 Productivity Commission report which recommended the National Disability Insurance Scheme. The recent McClure report on welfare reform also emphasises the need to invest in improving employment outcomes of people with disability.

Yet the proposed removal of PES and EdEP could result in:

- less participation in post-school education by the most disadvantaged people with disability - which will contribute to less economic participation and may therefore cost government more over the long term; and
- additional pressure and costs for government programs such as the NDIS and employment support. This would be a less efficient way of meeting the participation costs of students receiving a disability pension or carer payment.

## There is a link between educational attainment and labour market outcomes

The 2012 Survey of Disability Ageing and Carers found that only 38% of people with disability had post-school qualifications above Certificate I or II, compared to 51% of people without disability.

Unsurprisingly, these poor educational outcomes correlate with poor labour market outcomes as shown in the table below for people with and without disability.

**Table: Highest educational attainment by unemployment and labour market participation rates for people with and without disability**

Highest educational attainment	Persons with disability		Persons without disability	
	Unemployment rate	Labour market participation Rate	Unemployment rate	Labour market Participation Rate
Yr 10 or below and None	10.5%	19%	8.1%	55%
Year 11 and 12	12.6%	43%	6.3%	76%
Certificate I / II	17.2%*	24%	10.3%	62%
Cert 3, 4 and Dip, Adv Dip	8.3%	47%	3.8%	84%
Bachelor degree or higher	3.9%	55%	2.5%	86%

Research has also indicated that measures to improve education participation are needed to improve economic participation:

- a review of research leading to the National Mental Health and Disability Employment Strategy in 2009 identified opportunities in education as pivotal to addressing labour market disadvantage for people with a disability;<sup>1</sup>
- a 2010 study showed that, in addition to helping people with disability gain or return to work, completion of a Vocational Education and Training (VET) course helps them maintain employment for up to three years.<sup>2</sup>

<sup>1</sup> Australian Government 2009, National Mental Health and Disability Employment Strategy, discussion paper, Australian Government, Canberra

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- a 2011 study found that, for people with disability who are out of work or in a part-time job, completing a VET qualification significantly improves the chances of getting a full-time job, compared to those with no post-school qualifications. With this comes greater financial independence.<sup>3</sup>

### **Recommendation**

The Bill should be amended to retain PES and EdEP for people receiving disability pension or carer payment.

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**National Disability Services** is the peak industry body for non-government disability services. Its purpose is to promote and advance services for people with disability. Its Australia-wide membership includes over 1100 non-government organisations, which support people with all forms of disability. Its members collectively provide the full range of disability services—from accommodation support, respite and therapy to community access and employment. NDS provides information and networking opportunities to its members and policy advice to State, Territory and Federal governments.

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<sup>2</sup> Polidano, C & Mavromaras, K 2010, The role of vocational education and training in the labour market outcomes of people with disabilities, NCVER, Adelaide.

<sup>3</sup> Polidano, C & Vu, H 2011, To gain, retain and retrain: the role of post-school education for people with a disability, NCVER