

Social Services Legislation Amendment (Omnibus and Child Care Reform) Bill 2017

Fact Sheet

Students

Pensioner Education Supplement and Education Entry Payment will cease

Subject to the passage of legislation, the Pensioner Education Supplement (referred to as PES) and the Education Entry Payment (referred to as EdEP) will cease from the first 1 January or 1 July following Royal Assent.

Both payments are currently paid to people studying full-time or part-time in secondary or tertiary education while on certain income support payments, including the Disability Support Pension, Parenting Payment Single, Carer Payment, Special Benefit, Widow B Pension, Widow Allowance, Newstart Allowance, Youth Allowance (other) and Parenting Payment Partnered.

PES was introduced in 1987 to assist single parents with the ongoing costs of education, in recognition of the difficulties single parents experienced in obtaining employment after being in receipt of the then Sole Parent Pension for up to 16 years. EdEP was introduced in 1992 and both payments aimed to assist long-term income support recipients improve or re-build their skills to be more competitive in the labour market. Since then policy on activity testing has changed so that recipients such as parents receive support from employment service providers to enter the labour market when their children are much younger

More appropriate channels of government-funded study and training assistance are now available to recipients, including HECS-HELP, FEE-HELP and VET Student Loans tuition programs and the Employment Fund provided under jobactive arrangements.

Additionally, income support payments, particularly Youth Allowance (student), Austudy and ABSTUDY, are targeted towards students, taking into account their circumstances and needs. These student payments will continue and will not be affected by the removal of PES and EdEP.

Key facts

- Ceasing PES and EdEP will help to simplify the income support system by reducing the number of payments supplements.
- The cessation of PES is currently estimated to save approximately \$201 million over the forward estimates, and the cessation of EdEP is estimated to save approximately \$42.3 million over the forward estimates. Savings are based on a 1 July 2017 commencement date.