



Association of Heads of Australian University Colleges and Halls (Inc)

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29 June 2009

Committee Secretary
Senate Education, Employment and Workplace Relations Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Mr Carter

Re: Inquiry into the Higher Education Support Amendment (2009 Budget Measures) Bill 2009

The Association of Heads of Australian University Colleges and Halls, Inc (**AHAUCHI**) welcomes the opportunity to make a submission to the abovementioned Inquiry being conducted by the Senate Standing Committee on Education, Employment and Workplace Relations.

1. Background on AHAUCHI

AHAUCHI is the peak representative body nationally of heads of university colleges and halls of residence. There are more than 140 colleges and halls nationally with more than 50,000 students in total who are in residence during the academic year.

AHAUCHI has a formal constitutional objective of promoting university college residence as a means to a broad education incorporating academic, social, cultural, and moral development. One of the defining characteristics of our member colleges is that they provide pastoral care and educational assistance to our (mostly rural and regional sourced) students in residence.

2. Summary of Submission

AHAUCHI is disappointed the Labor Government has broken its 2007 election promise to double the funding for Commonwealth Accommodation Scholarships (**CAS**).

The Federal Budget for 2009-10 has scrapped CAS (with existing recipients to be 'grandfathered') generating savings of approximately \$420 million over four years. In place of CAS the new Relocation Scholarship is provided, with funding of \$193 million over the same period.

The scrapping of CAS amounts to a large reduction in funding for students from low income backgrounds from rural and regional areas who have no choice but to leave home if they wish to attend university.

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Whilst acknowledging the large increase in funding the budget provides for student scholarships for other than accommodation, particularly for the large numbers of 'live at home' students in the metropolitan areas, it is difficult to escape the conclusion the increase has been financed by raiding CAS benefits that were destined for regional and rural students.

3. Labor's 2007 Election Promise to Double Accommodation Scholarships

On 14 November 2007, in the lead up to the last federal election, Labor released its policy, *Labor's Education Revolution: Scholarships for a Competitive Future*. A copy of this policy document is provided at Attachment A (with highlights added).

Included within Labor's 2007 policy was a promise to increase progressively the number of commencing accommodation scholarships to the point where 10,000 commencing accommodation scholarships would be provided for 2012. This was, in effect, a doubling of the number of accommodation scholarships available under the Howard Government policy at that time. Each of these accommodation scholarships was in 2007 valued at \$4,240 per year for up to four years (indexed annually).

On 20 November 2007, in accordance with the *Charter of Budget Honesty Act 1998*, Labor submitted its *Scholarships for a Competitive Future* policy to the Commonwealth Department of Finance for costing. A copy of the Department of Finance costing of this policy is provided at Attachment B.

It is apparent from the 2007 costing provided by the Department of Finance on this policy that in the lead up to the 2007 federal election Labor was promising not only a doubling of the number of accommodation scholarships but also a doubling of the funding for accommodation scholarships.

By promising to double the funding for accommodation scholarships Labor went into the 2007 federal election with a policy that was bound to appeal to low income families in regional/rural electorates.

4. Outcome for Accommodation Scholarships under the 2009-10 Budget

By scrapping CAS the government will save approximately \$420 million over four years – even after allowing for the 'grandfathering' of existing CAS recipients.¹ The CAS will be replaced by the new Relocation Scholarship which will cost \$193 million over the same period^{2,3} giving a net reduction in funding for accommodation scholarships over the four year period of \$227 million.

¹ DEEWR 2009, *Commonwealth Budget 2009-10: DEEWR Budget Statements – Overview & Resources*, at page 26. Total budget savings arising from the scrapping of the Commonwealth Education Costs (CECS) Scholarships and CAS programmes amount to \$654 million over the four years out to 2012-13, of which \$234 million is estimated by AHAUCHI to relate to CECS. As at 29 June 2009 a copy of this budget document was available on the DEEWR web site at:

<http://home.deewr.gov.au/Budget/documents/DepartmentofEducationEmploymentandWorkplaceRelationsAgencyOverview.pdf>

² *ibid*, at page 30.

³ DEEWR 2009, *Transforming Australia's Higher Education System: Student Income Support – Relocation Scholarship*, Fact Sheet 18. As at 29 June 2009 a copy of this Fact Sheet was available on the DEEWR web site at:

http://www.deewr.gov.au/HigherEducation/Documents/PDF/Pages%20from%20A09-303%20Budget%20Fact%20Sheets-18_webaw.pdf

In 2009 CAS provides \$4,415 per student⁴ recipient per year (indexed annually) for up to four years. Assuming indexation at 3 per cent annually a CAS recipient commencing in 2010 would have been entitled to a total of \$19,025 in payments over the four year period.

In 2010 the Relocation Scholarship will provide \$4,000 per student⁵ recipient in the first year and \$1,000 in each year thereafter up to the fourth year (indexed annually). Once again assuming indexation at 3 per cent annually, a Relocation Scholarship recipient commencing in 2010 will be entitled to a total of \$7,091 in payments over the four year period. This is only 37.3 per cent of what the CAS recipient would have received.

DEEWR estimate 28,700 students⁶ will be in receipt of a Relocation Scholarship by 2013. Contrast this estimate to the estimated 40,000 students who would have been in receipt of CAS (and at the substantially higher total scholarship value per recipient) by 2013 were it not for the changes announced in this budget.⁷

It is disingenuous for the government to suggest that 28 per cent more students will receive scholarships to assist with the costs of accommodation than would have been the case under CAS had it not been for the budget changes.⁸ Due to the originally projected large annual increases in the numbers of new CAS recipients^{9,10} this will only be the case for the 2010 year. For the 2011 through 2013 years this is not the case. In fact, by the year 2013, 39 per cent fewer students will receive scholarships to assist with the costs of accommodation than would have been the case under CAS if not for the budget changes.

5. Value of Related Benefits for Relocation Scholarship Recipients

Under the provisions announced in the budget, Relocation Scholarship recipients will also be entitled to receive the new annual Student Start-up Scholarship, valued at \$2,254 in 2010, which is equivalent to the value of the old Commonwealth Education Costs Scholarship

⁴ DEEWR 2009, refer to the DEEWR web site at:

http://www.dest.gov.au/sectors/higher_education/programmes_funding/programme_categories/scholarships_awards_prizes/commonwealth_learning_scholarships_programme.htm

⁵ DEEWR 2009, *op. cit.*, *Transforming Australia's Higher Education System: Student Income Support – Relocation Scholarship*, Fact Sheet 18.

⁶ *ibid.*

⁷ Tertiary Balance 2007, *Report into the Sustainability of Residential Colleges Affiliated with The University of Queensland*, Research Report prepared for International House, King's College, St Leo's College and Union College within The University of Queensland, May 2008, Hampton North, Victoria. Refer to page 9 for CAS recipient projections nationally.

⁸ DEEWR 2009, *Transforming Australia's Higher Education System: Student Income Support – Information for Rural Students*, Fact Sheet 23. Refer to Table 3. As at 29 June 2009 a copy of this Fact Sheet was available on the DEEWR web site at:

http://www.deewr.gov.au/HigherEducation/Documents/PDF/Pages%20from%20A09-303%20Budget%20Fact%20Sheets-23%20v2_webaw.pdf

⁹ ALP 2007, *ALP067 Request for Costing – Labor's Education Revolution - Scholarships for a Competitive Future*, submitted to the Commonwealth Department of Finance and Administration on 20 November 2007 under the provisions of the Election Commitment Costing for the 2007 federal election. This costing is provided at Attachment B to this submission. Refer to the projected increase in new CAS recipients for the 2009 through 2012 years and note that there was a rapid growth in new CAS recipients scheduled for these years even before Labor's abovementioned November 2007 policy was released.

¹⁰ DEEWR 2009, *op. cit.*, *Commonwealth Budget 2009-10: DEEWR Budget Statements – Overview & Resources*, at page 26. Note the dramatic increases in savings each year from scrapping CECS and CAS, from \$54 million in the 2009-11 year, up to \$120 million in the 2010-11 year, up to \$216 million in the 2011-12 year and finally up to \$264 million in the 2012-13 year. This is because prior to the budget just handed down the projected numbers of new recipients of CECS and CAS showed exceptionally strong growth year on year for the forward looking four year budget period out to 2011-12.

(CECS). Students will receive the Student Start-up Scholarship for each year they receive student income support while studying at university.^{11,12}

Once again, assuming indexation at 3 per cent annually, a Student Start-up Scholarship recipient commencing in 2010 will be entitled to a total of \$9,430 in payments over the four year period.

There will be many more Student Start-up Scholarships available than CECS that would have been available were it not for the budget changes.¹³

Under the previous arrangements a percentage (which AHAUCHI understands to be a minority) of the CAS recipients were also receiving CECS. Under the new arrangements it is expected that all, or certainly a much higher percentage, of the Relocation Scholarship recipients will also be in receipt of a Student Start-up Scholarship. Further, many of the existing CAS recipients who are to have their benefits 'grandfathered' and who are not presently in receipt of CECS benefits will (it would appear) become entitled to a Student Start-up Scholarship.

For students from regional and remote areas who move away from home to commence university the benefits from the new Student Start-up Scholarships have to be factored in when comparing the old regime to the new regime (where CAS is replaced).

Given DEEWR estimate 28,700 students will be in receipt of a Relocation Scholarship by 2013 and, assuming on a conservative basis for these purposes that all of those students will also be in receipt of Student Start-up Scholarships, then the total value of scholarships held by these students will be \$474 million (calculated as $28,700 * [9,430 + 7,091]$).

Compare that to (approximately) 40,000 CAS recipients by 2013 in receipt of CAS and assuming on a conservative basis for these purposes that none of those students were also in receipt of CECS, then the total value of scholarships held by these students would be \$761 million (calculated as $40,000 * 19,025$).

Even after accounting for the increased numbers of Student Start-up Scholarships that will be available to students in receipt of a Relocation Scholarship the total funding provided by this budget for students needing accommodation scholarship assistance is, by 2013, projected to be well under what would have been available under the *Scholarships for a Competitive Future* policy that Labor promised it would implement in the context of the 2007 federal election.

There are various other changes in the budget to do with entitlements to Youth Allowance and Rent Assistance and so on which will have financial consequences (some positive and some negative) for numbers of students who would have been entitled to CAS were it not for the changes in the budget. These other changes include but are not limited to the:

- increased parental income test threshold;

¹¹ DEEWR 2009, *op. cit.*, *Transforming Australia's Higher Education System: Student Income Support – Information for Rural Students*, Fact Sheet 23. Refer to page 2.

¹² DEEWR 2009, *Transforming Australia's Higher Education System: Student Income Support – The Student Start-up Scholarship*, Fact Sheet 17. As at 29 June 2009 a copy of this Fact Sheet was available on the DEEWR web site at:

http://www.deewr.gov.au/HigherEducation/Documents/PDF/Budget%20Fact%20Sheets-17%20v4_webaw.pdf

¹³ DEEWR 2009, *op. cit.*, *Transforming Australia's Higher Education System: Student Income Support – Information for Rural Students*, Fact Sheet 23. Refer to Table 2.

**AHAUCHI Submission to the Senate Standing Committee on
Education, Employment and Workplace Relations**

- raised personal income test threshold;
- progressively decreased age of independence; &
- removal of the 2nd and 3rd elements of the workforce participation criteria for independence.

The above changes, which are in line with recommendations coming out of the Bradley Review, really address a different policy issue (that of better targeting student income support) to that of improving access to higher education for students in regional and rural areas who must leave home to attend university.

The Bradley Review recommended continuation of the accommodation cost scholarships but with responsibility for the payment of benefits being transferred to Centrelink. There was no recommendation that funding for these scholarships be reduced.

6. Conclusion

For students from regional and rural Australia from low income backgrounds and who must leave home if they wish to attend university, the budget cuts to funding for accommodation scholarships will be a disappointment.

Senators on the Committee are urged to consider the circumstances of these students in the context of the overall objective of increasing higher education opportunities and enrolments in this area.

Please call me on ph: 08 9442 0400, or you may send an email to me at Fiona.Crowe@stcatherines.uwa.edu.au, if you have any questions concerning this submission.

Yours sincerely



Fiona Crowe
National President
Association of Heads of Australian University Colleges and Halls, Inc.

- encl. Attachment A: *Scholarships for a Competitive Future – Federal Labor’s Plan for Improved and Expanded Commonwealth Scholarships (14 November 2007)*
- Attachment B: *Request for Costing by the then Leader of the Opposition to the Commonwealth Department of Finance and Administration – Labor’s Education Revolution: Scholarships for a Competitive Future (20 November 2007)*

Attachment A

FEDERAL LABOR LEADER KEVIN RUDD MP

SCHOLARSHIPS FOR A COMPETITIVE FUTURE - FEDERAL LABOR'S PLAN FOR IMPROVED AND EXPANDED COMMONWEALTH SCHOLARSHIPS

To boost Australia's international competitiveness, a Rudd Labor Government will significantly improve and expand Australia's Commonwealth Scholarship program.

Federal Labor's \$202 million *Scholarships for a Competitive Future* policy will significantly boost the research and development capacity of Australia's universities.

Increasing the research capacity in our universities will ensure Australia can stay ahead in an increasingly competitive global economy.

Over four years from the start of the 2009 university year, Federal Labor's *Scholarships for a Competitive Future* will:

- **Double** from 44,000 to 88,000 the number of undergraduate students receiving a Commonwealth Learning Scholarship, including accommodation bursaries; and
- **Double** from 4,800 to 9,600 the number of postgraduate students receiving an Australian Postgraduate Award for their PhD or Masters by Research.

Scholarships for a Competitive Future will also create two new categories of Commonwealth Scholarships open to Australian undergraduate students:

- National Priority Scholarships – for students in priority areas such as nursing, teaching, medicine, dentistry, allied health, maths, science, and engineering.
- **National Accommodation Scholarships - for students relocating interstate to study a specialist course not available near their home.**

Australia cannot afford to stand still while our competitors in the region are making significant progress in expanding their research and development capacity. We need to act now just to keep up.

Increasing Australia's competitiveness by boosting our R&D capacity

As Australia becomes more integrated with an intensely competitive global economy, we must find new sources of competitive advantage.

Investment in our people – in our human capital - is essential for creating an innovative and productive workforce that can adapt in a rapidly changing world.

The successful advanced economies of the future will be those that can add most value, through human effort and ingenuity, to their traditional strengths in every sector.

That means higher education is critical to Australia becoming a more productive and prosperous nation.

Attachment A

Australia's universities are drivers of innovation and research, and the training ground for the highly skilled professionals Australia needs for our future growth.

Expanding eligibility for Commonwealth Learning Scholarships

The Commonwealth Learning Scholarships program currently has two elements: Education Costs and Accommodation Scholarships.

Commonwealth Education Costs Scholarships are valued at \$2,120 per year for up to four years targeted at students from disadvantaged backgrounds. Commonwealth Accommodation Scholarships provide \$4,240 per year for up to four years to students from regional and remote areas who move away from home to commence university.

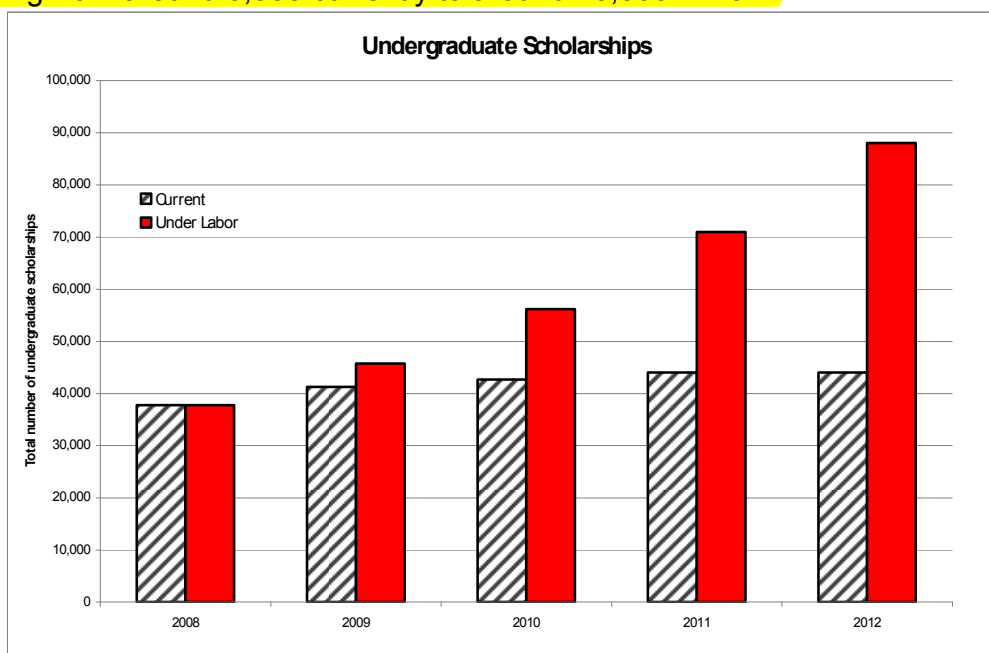
Labor will introduce two additional Commonwealth Scholarship categories.

- National Priority Scholarships valued at \$2,120 per year for up to four years targeted at students enrolling in priority areas such as nursing, teaching, medicine, dentistry, allied health, maths, science, and engineering.
- New National Accommodation Scholarships valued at \$4,240 per year for up to four years to students relocating interstate to study a specialist course not available near their home. For example, a Sydney student could relocate to James Cook University in Townsville to study tropical biology, or a Melbourne student could relocate to Perth to study minerals petroleum resource engineering.

The value of the scholarships will be indexed.

Double the number of Scholarships

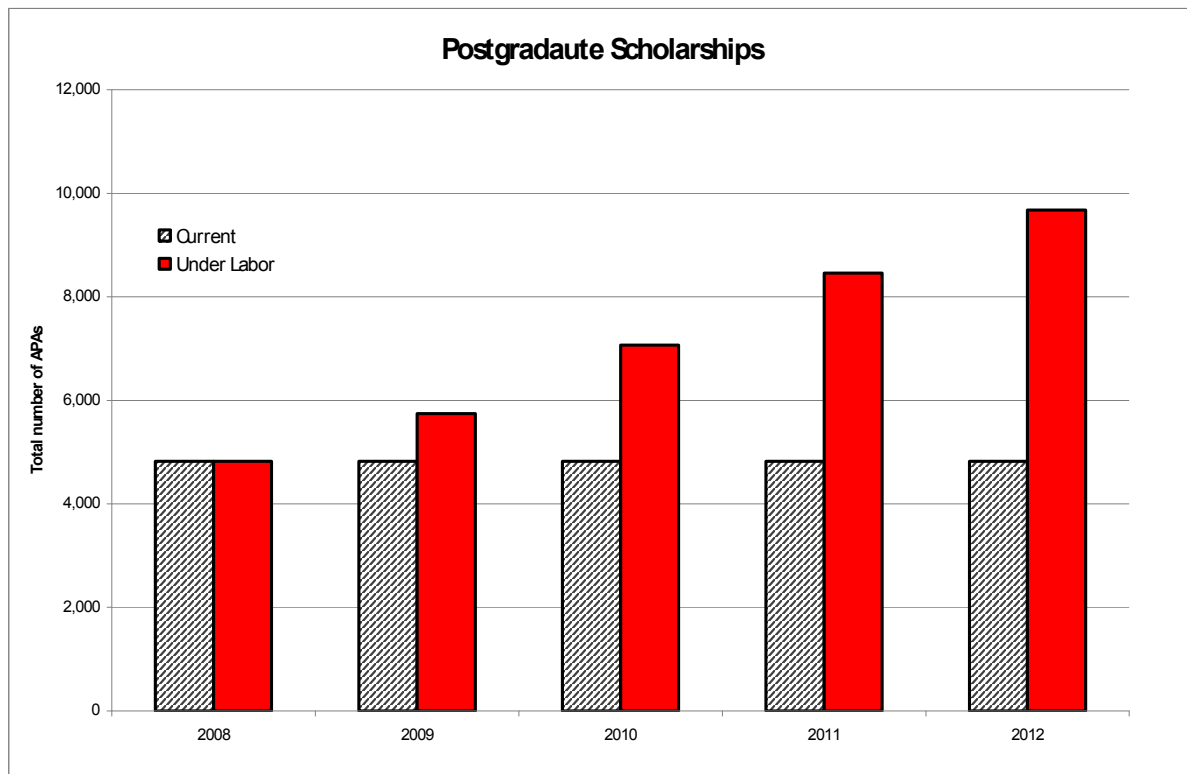
Under *Scholarships for a Competitive Future*, the total number of Commonwealth Learning Scholarships will double from around 44,000 to 88,000. The number of commencing scholarships each year will steadily increase from 12,000 in 2008 to 29,000 in 2012. This includes the number of commencing Accommodation Scholarships increasing from around 3,500 currently to around 10,000 in 2012.



Attachment A

There are currently around 40,000 higher degree by research students in Australia, yet only 1,500 new Australian Postgraduate Awards are granted each year. The Australian Postgraduate Award provides an annual stipend of \$19,500 for up to three and a half years for PhD candidates and two years for Masters by research.

Under Labor's *Scholarships for a Competitive Future*, the total number of commencing Australian Postgraduate Awards allocated each year will steadily increase from 1,580 in 2008 to 3,500 in 2012. Under Federal Labor's plan nearly 10,000 postgraduate research students will be supported each year by 2012.



Financial implications

Federal Labor's *Scholarships for a Competitive Future* for undergraduate and postgraduate students is fully costed and funded.

FINANCIAL IMPLICATIONS – IMPACT ON UNDERLYING CASH BALANCE (\$M):

	2007-0	2008-09	2009-1	2010-1	Total
Investing in undergraduate and postgraduate scholarships		16.0	60.0	125.0	201.0
Net impact	0.0	16.0	60.0	125.0	201.0

BRISBANE
14 NOVEMBER 2007

Attachment B

Name of Policy:	Labor's Education Revolution: <i>Scholarships for a Competitive Future</i>
Person requesting policy	Leader of the Opposition
Date of Public Release of Policy	14 November 2007
Date of request to cost the policy:	20 November 2007
Summary of Policy	Labor will double the number of Commonwealth Learning Scholarships and Australian Postgraduate Awards by 2012.
Intention of Policy	To provide funding to double the number of Commonwealth Learning Scholarships and Australian Postgraduate Awards by 2012.
Description of policy. What are the key assumptions that have been made in the policy including:	<p>A Federal Labor Government will increase the number of new Commonwealth Learning Scholarships available each year to 29,000 in 2012.</p> <p>Within this increase, introduce two new categories of scholarships:</p> <ul style="list-style-type: none"> • <i>National Priority Scholarships</i> – for students in identified priority areas to be determined by government. • <i>Accommodation Scholarships</i> - for students relocating interstate to study a specialist course not available near their home. • Increase the number of new Australian Postgraduate Awards available each year to 3,500 in 2012.
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies?	Yes. <i>Labor's Education Revolution</i> .
Will funding/cost require indexation? If yes, list factors used?	Yes. Commonwealth Learning Scholarships and Australian Postgraduate Award stipend rates are indexed according to <i>Commonwealth Scholarships Guidelines</i> made under the Higher Education Support Act 2003.
What are the estimated costs each year? Are these provided on a cash or fiscal basis?	<p>The estimated impact on the underlying cash balance is:</p> <ul style="list-style-type: none"> • NIL in 2007-08; • -\$16.2 million in 2008-09; • -\$60.4 million in 2009-10; and • -\$125.1 million in 2010-11.
What assumptions have been made in deriving the expected financial impact	New undergraduate scholarship categories will be at the following rates:

Attachment B

<p>in the party costing?</p>	<ul style="list-style-type: none"> • National Priority Scholarships – the same rate as Commonwealth Education Costs Scholarships. • National Accommodation Scholarships – the same rate as Commonwealth Accommodation Costs scholarships. <p>Australian Postgraduate Awards funded as per Chapter 3 of the <i>Commonwealth Scholarships Guidelines</i> made under section 238-10 of the Higher Education Support Act 2003.</p> <p>2009</p> <ul style="list-style-type: none"> • 3000 additional commencing Education Costs Scholarships. • 1500 additional commencing Accommodation Scholarships. • 1000 additional commencing Australian Postgraduate Awards. <p>2010</p> <ul style="list-style-type: none"> • 6000 additional commencing Education Costs Scholarships • 3000 additional commencing Accommodation Scholarships • 500 additional commencing Australian Postgraduate Awards. <p>2011</p> <ul style="list-style-type: none"> • 9000 additional commencing Education Costs Scholarships • 4500 additional commencing Accommodation Scholarships • 250 additional commencing Australian Postgraduate Awards. <p>2012</p> <ul style="list-style-type: none"> • 11000 additional Commencing Education Costs Scholarships • 6000 additional Commencing Accommodation Scholarships • 250 additional commencing Australian Postgraduate Awards.
<p>What is the expected community impact of the policy?</p>	<p>Support provided to more undergraduate and higher degree by research students.</p>
<p>How many people will be affected by the policy?</p>	

Attachment B

What is the likely take up?	100 per cent.
How will the policy be administered: who will administer the policy?	Department of Education, Science and Training.
Should Departmental expenses associated with this policy be included in this costing?	No.
If no, will the Department be expected to absorb expenses associated with this policy?	Yes. The Department will be expected to manage allocation of scholarships to universities within existing resources.
If yes, please specify the key assumptions.	
Intended date of implementation. Are there transitional arrangements associated with policy implementation?	1 January 2009
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	
Are there any other assumptions that need to be considered?	