

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2003-2004 SUPPLEMENTARY BUDGET ESTIMATES HEARING

Outcome: 2

Output Group: 2.4 – Funding for higher education

DEST Question No. E455_04

Senator Carr asked on 6 November 2003

Question:

Refers to DEST Question No. E059_04

- (a) Isn't a scholarship system an ineffective method of increasing payments to students as a result of the clawback in other benefits and increased tax liabilities for the recipients?
- (b) Wouldn't it be the case that an increase in existing payments to students would result in a significantly greater improvement in their financial situation?

Answer:

Scholarship system

- (a) Full-time students in receipt of Commonwealth Learning Scholarship (CLS) payments are not obliged to pay income tax on their scholarship. In addition CLS will not be counted as income for Social Security purposes. While CLS will increase a student's level of disposable income, it will have no impact on their Social Security entitlements.
- (b) It is not possible to determine if an alternative to the CLS would result in a greater improvement in students' financial situation without knowing any details of the alternative proposal.