

Chapter 3

Australian Democrat Senators' Report

3.1 Democrat senators generally support much of what is stated in the Opposition senators' report, particularly in relation to the Government's decision to administratively close the Student Financial Supplement Scheme (SFSS). It should be noted, however, that the Australian Democrats opposed the establishment of the Student Financial Supplement Scheme when it was introduced by the former Labor Government in 1993 on the grounds of the inequitable nature of the Scheme. It required recipients to trade in \$1 of student income support for every \$2 loan.

3.2 Although the Australian Democrats opposed the SFSS at its inception, for the reasons given above, they oppose the legislation that formally terminates the Scheme without protection for existing students. The apparent contradiction in this stance was amply clarified during the second reading debate on the Student Assistance Amendment Bill 2003, which the Australian Democrats also opposed, and which failed to pass the Senate:

We opposed the introduction of this scheme on the basis that it was not the most equitable way to provide student financial assistance and that it was quite punitive in some of its repayment rates and processes. However, the scheme is now in place and there are thousands of students who rely upon this scheme. The Australian Democrats have thought long and hard about how we would respond to the prospect of the closure of this scheme. We made offers to the government. I spoke to the minister, particularly the advisers in the minister's office, about the possibility of a sunset clause. Many desperate students have been contacting all of our offices—and I am sure that all political offices have received many emails, faxes, phone calls and visits about this scheme. A sunset clause seemed an effective compromise. But the government would not hear of it, not even discuss it and not even contemplate it. We were told very clearly by an adviser, not a minister, that the government were going to deal with it in their own way.

Given that situation, the Democrats will oppose the legislation before us. We recognise that the closure of this scheme, without any sunset clause or assistance to those students, would further disadvantage those students who are already struggling to survive on the government's punitive income support measures. The decision was not made lightly. We weighed up our concerns about the inequitable nature of the scheme, to which I have referred, against the fact that many students receiving support under the scheme have indicated that it is the only way they can complete their studies."

3.3 Democrat senators made the point then, as they do now, that it was an abuse of process to shut down the Scheme without allowing the Senate to amend or even vote on the Scheme's closure. This abuse of process meant the Australian Democrats were unable to move amendment to 'grandfather' existing Student Financial

Supplement Scheme recipients - around 40,000 students each year – to protect those students who were already relying on the scheme.

3.4 It is a matter of considerable regret that student poverty has not registered as a significant national policy issue, despite efforts by the Australian Democrats, including the initiation of a Senate inquiry into student income support. This attitude is consistent with an apparent indifference to the fact that Australia is the only OECD country which is experiencing real decline in educational expenditure. The essential connection between an investment in the maintenance of students and an investment in education infrastructure and human resources has yet to be understood by policy makers who see learning and research as commodities for purchase, rather than as investments in human capital and national growth.

3.5 The bill before the committee, regarded by the major parties as 'machinery' legislation, is a reminder of a past recognition that an income loans support scheme was once considered by some to be worthwhile in principle, even with its inequity and its flawed implementation. The formal repeal of the SFSS therefore carries unfortunate symbolism.

Senator Natasha Stott Despoja