

Democrats' Supplementary Report

The Democrats are in agreement with the content and most of the recommendations of the Chair's report. Accordingly, our supplementary comments and recommendations are confined to additional issues or areas in which we have different views from those covered by the Chair.

We acknowledge the useful information produced during this inquiry and its relevance to the current debate on the issues surrounding future higher education policy, specifically in relation to student income support measures.

The Democrats, however, believe further background to some issues is required and that the challenging evidence presented to the Committee, and many of the arguments raised in the Chair's report, warrant further or stronger recommendations.

The decline in Commonwealth funding of education, relative to other portfolios, over the past thirty years is of particular concern to the Democrats, as are the recent HECS fee increases for students. The Democrats believe education is an investment, not a cost and that Government policy should work to reverse this trend of declining investment.

The Democrats acknowledge that student poverty has not registered as a significant national policy issue, this is in spite of our attempts to raise the issue of student income support measures constantly, both publicly and in the Parliament. In my first speech to the Parliament on May 1 1996, I expressed my concern about the issue of student debt, and have been speaking about it ever since.

The Democrats have opposed and voted against all attempts to impose fees on students. We have also strongly opposed the decreases in student income support measures that resulted from increasing the age of independence for Austudy, cuts to ABSTUDY, cuts to Rent Assistance, the closure of the Student Financial Supplement Scheme and the abolition of the Educational Textbook Subsidy Scheme.

In 1997, I introduced a Private Member's Bill – the Taxation Laws Amendment (Part-Time Students) Bill 1997 – to ensure both part-time and full-time scholarships were exempt from income tax. The distinction between the two arose from the debate over the Tax Laws Amendment Bill (No.1) 1997 when the bill was amended by the Democrats to ensure full-time scholarships remained income tax free. However, part-time scholarships were not covered by that amendment, and even if they satisfy all other aspects of the exemption provision they are taxed under the current provision.

The Council of Australian Postgraduate Associations – who have consistently advocated for the removal of taxation from all scholarships since 1979 – recommended to the committee the exemption of part-time scholarships from income tax assessment. The Democrats fully support their recommendation and consider it absurd to exclude part-time APA scholarships from income tax assessment and not

other part-time scholarships. The Democrats have constantly raised this issue in successive Parliaments since 1997.

In May 1998, the Government and Opposition combined in the Senate to defeat an Australian Democrats' proposal for students over 25 on Austudy to access Rent Assistance in an amendment to the Social Security Legislation Amendment (Youth Allowance Consequential and Related Measures) Bill 1998.

The Democrats repeatedly expressed concerns about the inequitable nature of the Student Financial Supplement Scheme, while recognising many students relied on it. Many students were simply unable to survive on the rates of income support available at the time, and for many, taking out SFSS loans was their only option. Accordingly, the Democrats moved to 'grandfather' existing students from closure of the Scheme receiving the endorsement of the NUS and Student Financial Advisers Network.

In 2002, 39,892 students accepted the Student Financial Supplement Scheme loans. Of these students, 15.6 per cent were Indigenous, 1.6 per cent were listed as remote, 15.2 per cent were listed as single parenting payment recipients, 12.2 per cent were not born in Australia, and 54.7 per cent – clear majority of those who accepted the loans – were women.

The Democrats emphasised their concerns about all those traditionally disadvantaged groups, not to mention students with disabilities, however, the Government ignored the Democrats' calls to support students on the Scheme after its closure. Not only did the Government fail to provide meaningful, alternative income support measures to students, but they did not even allow the Senate to decide whether the SFSS would close or not, arrogantly closing the Scheme administratively before the Senate debate had concluded.

The Educational Textbook Subsidy Scheme (ETSS) was part of the Book Industry Assistance Package negotiated by the Australian Democrats in 1999 in an attempt to alleviate the impact of the GST on the price of textbooks for students and their families. The Democrats believe all books should be exempt from the GST.

The ETSS was appropriated for only four years when the GST was introduced, and was due to lapse after 30 June 2004. Although there was no formal agreement between the Government and the book industry to extend the scheme beyond this date, until 2003 the Department of Education, Science and Training (DEST) had included forward estimates for the scheme for 2005 and 2006 in the Budget.

Approximately 70 percent of the scheme's allocation related to higher education (universities and TAFEs). Importantly, the ETSS maintained access to textbooks for students, and, therefore, access to education and knowledge.

In June 2003, when it became clear the Government was not intending to continue the ETSS, I introduced a Private Member's Bill in June to extend the ETSS beyond June 2004. Support for the Bill was received from the Australian Vice-Chancellors' Committee, National Tertiary Education Union, National Union of Students, Council

of Australian Postgraduate Associations, Australian Publishers' Association, Australian Booksellers' Association, Australian Campus Booksellers' Association, Australian Society of Authors, and the Australian Medical Students' Association, among others.

A petition launched in March 2004, by the Democrats, to save the scheme received more than 35,000 signatures. Thousands of the Democrats' 'Save Our Subsidy' postcards and stickers were distributed around the country as part of a broader campaign to oppose the abolition of the scheme.

In June 2004, the Democrats' introduced a motion calling on the Government to extend the Scheme which was complemented in the House of Representatives, by Tony Windsor MP. The Senate motion was defeated when Labor voted with Government, opposing the Democrats motion.

The ETSS cost around \$25 million per year and, according to evidence provided to this inquiry, was a significant student income support measure. The benefits of the ETSS are well known, as is the cost of the scheme, and the Democrats believe the scheme should be restored.

The impact of the Government's so-called "Voluntary Student Unionism" policy is likely to have a severe effect on student income support measures currently provided by student organisations all over the country. While it was not part of the terms of reference for the inquiry, the likely impact of the changes resulted in many witnesses expressing their concerns to the committee.

The Democrats believe ample evidence was provided to the inquiry to conclude that the Government's Higher Education Support Amendment (Abolition of Compulsory Up-front Student Union Fees) Bill 2005 should be opposed by the Senate.

Recommendations

The Democrats' recommendations to the *Hacking Australia's Future: Threats to institutional autonomy, academic freedom and student choice in Australian higher education* inquiry, by the Senate's Education, Workplace Relations and Education References Committee in November 2003, included the following recommendations on student income support measures. These recommendations (numbers 1 to 6) are supported by the evidence presented to this inquiry and are still relevant.

Recommendations 7 to 12 are other recommendations supported by the evidence presented to this inquiry.

Recommendation 1

That the age of independence for all student income support payments be lowered to 18.

Recommendation 2

That all forms of student income support be raised to parity with the age pension over a 5 year period.

Recommendation 3

That all Commonwealth education related scholarships be tax free, regardless of the student's study mode.

Recommendation 4

That the Government reverses its decision to increase visa application fees by \$85.

Recommendation 5

The lack of thorough and consistent research on educational outcomes by the Commonwealth that can be compared with previous data has made critical analysis, of previous and future changes to the sector, difficult. That the Commonwealth conduct research into the effectiveness and broader social and economic impact of its higher education policies using established benchmarks that will allow historical comparisons of data.

Recommendation 6

That the number of Commonwealth scholarships for equity groups be increased.

Recommendation 7

That the Government restore the Educational Textbook Subsidy Scheme.

Recommendation 8

That the personal income test for students be abolished.

Recommendation 9

That the Higher Education Support Amendment (Abolition of Compulsory Up-front Student Union Fees) Bill 2005 be opposed by the Senate.

Recommendation 10

That the method of indexation for student income support payments be made consistent with the indexation of the pension.

Recommendation 11

That university-administered scholarships are exempt from the social security personal income test.

Recommendation 12

That Centrelink employ Indigenous staff to deal specifically with Indigenous students.

Recommendation 13

That Section 3.20.15 of the Guidelines for Commonwealth Scholarships be amended such that the duration of a full-time *APA* is four years (eight years part-time) for a student undertaking *Research Doctorate* studies.

Recommendation 14

That Rent Assistance be made available to ABSTUDY Masters and Doctorate students.

Recommendation 15

That Indigenous education be made a National Priority area, and thus exempt from the HECS increases allowed under backing Australia's Future.

Senator Natasha Stott Despoja

