

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

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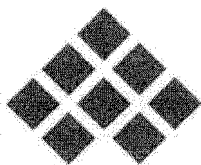
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Group of Eight



AUSTRALIA'S LEADING UNIVERSITIES

The University of Adelaide
The Australian National University
The University of Melbourne
Monash University
The University of New South Wales
The University of Queensland
The University of Sydney
The University of Western Australia

01 July 2004

Senator George Campbell
Chair
Senate Employment, Workplace Relations Reference Committee
Parliament House
Canberra ACT 2600

By email: eet.sen@aph.gov.au

Dear Senator Campbell

Student income support inquiry

The Group of Eight is pleased to make a submission to this inquiry into the important issue of the adequacy of current student income support mechanisms. Equity of access to high quality higher education experiences for Australian students is one of the main goals of The Group of Eight. Our universities recognise that the capacity of students to meet day-to-day living expenses while studying is a key factor in ensuring fair access to higher education.

Group of Eight universities have taken significant steps to help students from low socio-economic backgrounds access university, not least through numerous targeted scholarship programs which provide assistance to thousands of students. This year, for example, 96 students are in receipt of Group of Eight Equity Scholarships worth at least \$3000 per annum. These scholarships are primarily paid directly to students in an effort to assist with living costs. Unfortunately, because these funds count as income under the social security means test, the scholarships lose much of their impact.

The Group of Eight has estimated that a student in receipt of one of its scholarships, who also earns \$150 per week from part-time or casual work, will have his or her Youth Allowance reduced by \$2,850 over a year—almost the whole value of the scholarship. In 2002 and 2003 The Group of Eight made representations to government and non-government members of parliament, seeking the reversal of this regressive policy on the grounds that these scholarships were designed to supplement other income support programs, not replace them. Additionally, this policy represented a significant deterrent for private sector organisations to provide scholarship support for students.

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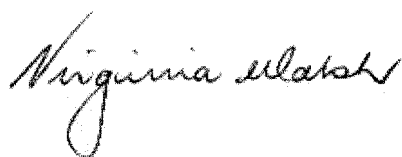
In December 2003, The Group of Eight was heartened by the Government's decision to exempt its Commonwealth Learning Scholarships from the social security means test. For those students privileged to secure one of these scholarships, this is an excellent outcome. This decision, combined with the decision to allow universities to offer 'exemption scholarships' for HECS and full places, and the further concession announced in the 2004-05 budget to exempt 'partial fee-waiver' scholarships from the test, has created an environment where there is potential for some very positive equity outcomes.

For example, it is now conceivable that students from low socio-economic backgrounds will win Commonwealth Scholarships, receive full Youth Allowance and rent assistance for the duration of their studies, along with a HECS or full-fee exemption scholarship. Such students should have adequate resources to meet their day-to-day living expenses and are likely to leave university debt-free. The reality is, however, that such students are only ever likely to represent a very small proportion of the total number of students drawn from low socio-economic backgrounds. According to the Government's own figures, some 37,000 full-time students from low socio-economic backgrounds commence university each year, yet there are only enough Commonwealth Scholarships to cover a fraction of these. The vast majority of students from low socio-economic backgrounds are still burdened by an income test which effectively taxes scholarship income and income earned from employment at up to 70 cents in the dollar.

The Group of Eight believes that the individual and family means test thresholds affecting student income support should be raised. The amount that students may earn before they lose benefits is too low to cover living costs, especially in large metropolitan centres. Many students are forced to take on excessive hours of paid work, which barely improves living standards and impacts adversely on study time, engagement in campus-based activities, and ability to succeed at university. In addition to the points made above relating to student income, the parental means test increases the effective tax rate for disadvantaged families.

Ongoing concerns about the welfare of students, the equity of the higher education system and the quality of educational outcomes can be addressed through strengthening student financial support programs. The Group of Eight hopes that the committee can further distil the relevant issues and design more robust policy mechanisms. Our member institutions would be pleased to make direct representations on these matters to the committee, should that be helpful.

Yours sincerely



Virginia Walsh
Executive Director