

The Senate

Education, Employment
and Workplace Relations
Legislation Committee

Higher Education Support Amendment (2009
Budget Measures) Bill 2009

August 2009

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Senate Standing Committee on Education, Employment & Workplace Relations

Legislation Committee

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Report

Reference

1.1 On 28 May 2009 the Hon Julia Gillard MP, Minister for Education, Employment and Workplace Relations, introduced the Higher Education Support Amendment (2009 Budget Measures) Bill 2009 (the bill) in the House of Representatives. On 4 June 2009, the Senate referred the provisions of the Higher Education Support Amendment (2009 Budget Measures) Bill 2009 to the Senate Standing Committee on Education, Employment and Workplace Relations for report by 5 August 2009. The Selection of Bills Committee requested that schedule 1, item 5 of the Bill (relating to Commonwealth Scholarships) be examined specifically.

Conduct of the inquiry

1.2 Notice of the inquiry was posted on the committee's website and advertised in *The Australian* newspaper, calling for submissions by 29 June 2009. Two submissions were received as listed in Appendix 1.

Acknowledgements

1.3 The committee thanks those who assisted with the inquiry.

Purpose of the bill

1.4 This bill amends the Higher Education Support Act 2003 to implement the government's reform to the higher education system as announced in the 2009–10 Budget. The bill responds to the Bradley Review of higher education, and amends the Act to effect recommendations of the Review of the National Innovation System and the recent House of Representatives report into research training and workforce issues.

The bill amends the act to:

- revise the maximum funding amounts for the Commonwealth Grant Scheme, Other Grants and Commonwealth Scholarships
- include a funding cluster for education and provide increased funding for all clusters
- increase the maximum additional funding certain eligible higher education providers can receive
- vary the purposes for which Other Grants may be made and eligibility for those grants
- change maximum student contribution amounts for certain students · remove the OS-HELP loan fee from 2010 ·
- apply new indexation arrangements to maximum student contribution amounts of 2011

Background

1.5 The *Higher Education Support Act 2003* is the basis for funding for higher education, setting out the eligibility of higher education providers for public funding and the details of government funding which is largely provided through:

- the Commonwealth Grant Scheme- provides for a specified number of Commonwealth Supported places at public universities each year
- the Higher Education Loan Programme (HELP)- previously Higher Education Contributions Scheme (HECS)
- the Commonwealth Scholarships

1.6 The Commonwealth Scholarships Program was introduced in 2004 to assist domestic students from low socio-economic backgrounds. In 2008, the Commonwealth Education Costs Scholarship was valued at \$2 162 per annum, and the Commonwealth Accommodation Scholarship at \$4 324 per annum. Universities are allocated Commonwealth Scholarships based on equity performance and the size of the institution via either a formula or a competitive bidding process. Scholarships are then awarded according to the eligibility and selection criteria of the University determined within Commonwealth Guidelines.

1.7 The Review of Australian Higher Education (the Bradley Review) commented that the timing of notifying students of receipt of scholarships could be improved. Students are generally enrolled before they are notified that they have been awarded a scholarship. Moreover, the review argued that the scholarship program should be centrally run by Centrelink to improve student access to benefits and to reduce the administrative burden on universities in selection, payment and management of the scholarships program.¹

Provisions of the Bill

1.8 Schedule 1, item 5 of the bill reduces funding for Commonwealth Education Scholarships, effectively phasing out the Commonwealth Education Costs Scholarships (CECS) and the Commonwealth Accommodation Scholarship (CAS) over four years. Funding will be appropriated to an annual Student Start-up Scholarship and a Relocation Scholarship. From 2010 the Student Start-up Scholarship will replace the current CECS, with existing CECS recipients 'grandfathered'. University students receiving student income support through Youth Allowance, Austudy and ABSTUDY will be entitled to the new Start-up Scholarship, except for those already receiving a Commonwealth Education Costs Scholarship (CECS). Students who must relocate to study and who are eligible for Youth Allowance or ABSTUDY will be assisted by a Relocation Scholarship. The

¹ Australian Government, *Review of Australian Higher Education: Final Report*, December 2008, p. 64.

Relocation Scholarship will replace the CAS for new students, with existing CAS recipients 'grandfathered'. The redirection of funding from the Commonwealth Education Scholarships to the new Start-up scholarship and Relocation Scholarship will be provided for in amendments to the *Social Security Act 1991*, expected to be introduced to Parliament in the next sitting period.

1.9 The joint submission from the Department of Education, Employment and Workplace Relations (DEEWR) and the Department of Innovation, Industry, Science and Research (DIISR) indicates an estimated 6 100 more students will receive an accommodation scholarship in 2010, an increase of 28 per cent in the number of accommodation scholarships available to students living away from home.²

1.10 The Association of Heads of Australian University Colleges and Halls, Inc (AHAUCHI) stated in its submission that replacing the Commonwealth Education Costs Scholarship with the Relocation Scholarship will result in a net reduction of funding for accommodation scholarships over the four year period of \$227 million. Based on each eligible recipient receiving \$4 000 for the first year, and \$1 000 each subsequent year up to the fourth year including indexation, the AHAUCHI claims that each student will be entitled to a total of \$7 091 in payments for the four year period. This represents 37.3 per cent of what a recipient of the Commonwealth Accommodation Scholarship would have received.³

1.11 According to the DEEWR and DIISR submission, the number of CECS available to students in the past fell well short of demand. These changes introduce an automatic entitlement to the Student Start-up Scholarship for eligible university students.⁴ The committee notes that this will benefit an additional 133 700 students who will receive a scholarship to assist with course related expenditure.⁵ Despite the increased number of students eligible for scholarships, AHAUCHI argue that the total amount of funding available for accommodation scholarships is forecast by 2013 to be below what would have been available under the *Scholarships for a Competitive Future* policy announced during the election.⁶

1.12 The committee understands that in line with recommendations from the Bradley Review, the responsibility for administering the payments of scholarships will be transferred to Centrelink. Moreover, payment of scholarships will be tied to university offers to improve the timeliness of payments.⁷

² Department of Education, Employment and Workplace Relations (DEEWR) and Department of Innovation, Industry, Science and Research (DIISR) *Submission 1*, p. 2.

³ Association of Heads of Australian University Colleges and Halls, Inc, *Submission 2*, p. 2.

⁴ DEEWR & DIISR, *Submission 1*, p. 2.

⁵ *Ibid*, p. 1.

⁶ AHAUCHI, *Submission 2*, p. 4.

⁷ DEEWR & DIISR, *Submission 1*, p. 2.

1.13 A number of calls were taken from members of the public who assumed that this bill was to do with changes to Youth Allowance affecting the 'Gap Year' payments. The committee believes it likely that a Social Security Amendment Bill relating to this issue will be referred to it for examination in the Spring parliamentary sittings. Moreover, the committee notes that it has received inquiries regarding higher education for rural and regional students. The Senate Rural and Regional Affairs and Transport References committee is currently conducting an Inquiry into Rural and Regional Access to Secondary and Tertiary Education Opportunities, and submitters were re-directed to this inquiry.

Recommendation

1.14 The committee recommends that this bill be passed.

Senator Gavin Marshall

Chair

Coalition Senators' Minority Report

Coalition Senators note with concern that the effect of schedule 1, item 5 of the Bill (relating to Commonwealth Scholarships) will be to abolish the Commonwealth Education Costs Scholarships, and the Commonwealth Accommodation Scholarships, without providing the replacement programs. The replacement measures are set to be introduced in the Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009, which is yet even to be introduced into the House of Representatives.

Coalition Senators further note with concern that students who are forced to relocate in order to pursue their studies will be worse off under the new arrangements than they are under the current scholarship programs. At a time when we are supposed to be encouraging more students from rural and regional areas to pursue university studies, this measure will act as a disincentive to students from doing so.

Coalition Senators note that the new Youth Allowance-based scholarships that will replace these Commonwealth scholarships will be completely beyond the reach of rural and regional students who do not qualify for Youth Allowance. The senators are aware that many individuals have come forward since the budget announcement to describe situations where a family may not be able to afford the costs of relocating their dependent child despite being ineligible for dependent Youth Allowance (due, for example, to the ownership of a family farm). In such circumstances a case can clearly be made out for more flexibility in the allocation of relocation scholarships, such as has been offered under the current program.

Coalition Senators further note the evidence received that these amendments to scholarships and allowances represent a break of the *Scholarships for a Competitive Future* election commitment.

Coalition Senators therefore **recommend**:

That debate on the Education Support Amendment (2009 Budget Measures) Bill 2009 be deferred until it can be considered concurrently and in the light of the Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009.

Senator Gary Humphries

Deputy Chair

Senator Chris Back

Senator for Western Australia

Senator Michaelia Cash

Senator for Western Australia

Appendix 1

List of submissions

Sub no.	Submitter
1.	Department of Education, Employment and Workplace Relations and the Department of Innovation, Industry, Science and Research
2.	Association of Heads of Australian University Colleges and Halls, Inc.

