

>> Sue Trinidad: So I'd like to introduce you this afternoon to a lady who does not need any introduction. And we've given her the afternoon shift because she's going to keep you awake for the next half an hour as you've just had your lovely lunch. This is Mary Kelly, Equity Director at QUT, and she is going to give you her insights about the future and what we need to do moving forward.

[Applause]

[Silence]

>> Mary Kelly: Hello, everybody, and thank you very much to the National Centre for letting me present here. It's an issue that I think is very important, couldn't be more centre stage than it is at the moment, and is enmeshed in this big national debate about high ed and what we should do in a way that we've never seen before. So I think it's wonderful to have people in the room who are responsible for the social justice dimensions of their universities and, in many cases, responsible for the administration of scholarships. And as we'll come to at the end, I'm going to make a point that the design of scholarship schemes is actually a very important factor. You can ruin a pot of money by allocating it improperly. So there are two parts to this presentation, because I was asked to look to the future, but firstly I want to look back a little bit on the history of scholarships. I want to take a student-centred view of how they currently make ends meet, and we had those two beautiful case studies this morning. I want to analyse aspects of the current bill, and when I say that, I mean the original HERR Bill, the HERRA amendment bill from the [inaudible], and also the social security bills, which there are two proposals in a number of those. And then some suggestions about how to stabilise and improve those policy [inaudible]. And then later on I want to talk about, pardon me, what we collectively learnt when we were last in a similar position, which was 2004, when Nelson first invented from blank space the Commonwealth Learning Scholarships, some of which are still with us. We then collectively worked out how we administer those and then later on other things happened. But we've learnt things since 2004 and we have learnt things in our own institutions, not just about what worked, how to get the biggest bang for buck, what's missing, how do these things all hang together or not. So that's sort of two big sections. One's public policy in these new emerging settings and then the other is really designing, the scholarship design principles that we might want to talk about and also might need to move quite fast on if in fact these proposed schemes come into being.

So looking back, you know, you know all this, but it's worth remembering that before we abolished fees there was a thing called Commonwealth Scholarships, and there have been things called Commonwealth Scholarships which are utterly different in character over the years. And we have to not use that label, but talk about the thing

and its characteristics. So the Menzies ones had two purposes: they were tuition fees and exemptions, because [inaudible], and they were cost of living supports. So they were Commonwealth Scholarships that did two things. And by the, in full flower, they were quite widely distributed, and they were not distributed on social justice criteria; they were distributed on the marks we got in high school. But it was a very high bar. It was people who were quite smart could get a Commonwealth Scholarship and anyone who is 60 or over who went to uni before then, and was first in family, was almost certainly on one of those and you hear people talk about that.

So that was Commonwealth Scholarships, and then there was of course once the no upfront fees came in, then we had a change in the settings which went for decades, and then in 2004, after a long hiatus, Brendan Nelson reintroduced something called Commonwealth Learning Scholarships and farmed them out to universities to allocate to low income students under strict guidelines. But the dollar amounts were modest. They were \$2,000 and \$4,000, with two types to start with, and they were only for one purpose, education and living costs. There was no need to have tuition exemption costs because that was not an issue under the HECS settings at the time.

By 2010, these Commonwealth Learning Scholarships were renamed as Start Up and Relocation and they were moved to Centrelink to administer. So for a number of years, universities gave them out under the guidelines and then they were moved to Centrelink and became an automatic top up to those on means-tested Youth Allowance and Austudy and Abstudy in some cases. So currently the situation is thousands of low income students, both urban and rural, apparently receive these, what I call Commonwealth Scholarships, real ones, and that has become an integral part of how they make ends meet. It's an unstable policy setting and at the time people were cynical about Brendan Nelson's motives and wondered if he just did that rather than reform income support, which had faded away and was inadequate for the task, and whether that was just an easier and cheaper way of doing that. So, you know, it was critiqued at the time - of course, it was Julia Gillard who reformed income support when she was Education Minister in 2009, and that opened the door to many more students getting Youth Allowance and Austudy than ever before. So I've always thought that because these Start Up scholarships and so on were automatic top ups to Youth Allowance, which was means-tested, that one day they would be folded into base and they'd just become part of the general payment structure. But that's not what's being proposed. So while this is all happening, many institutions also have what they tend to call equity or needs-based scholarships which have been built up from a number of sources, originally essentially from institutional resources and philanthropic effort. And, of course, institutional resources, when you trace back the dollars, are only ever student money or government money. So there's student money, government money, and philanthropy. And most institutional schemes were built on those resources. Some universities have used HEPPP-based funding since 2011 to bolster their institutional scholarships and in some cases invent new schemes for low income students,

although, you know, the only report we have about how HEPPP was spent - the spend on scholarships from HEPPP - was only about 11% of the total spent. It's not, by no means, the dominant feature of HEPPP funding. So we've got several legislative proposals which complicate this landscape and there are different bills. The first thing I want to do is try and see this through a student's eyes, and this is a typical way of putting income together if you're a low income person and can't get support from your family because they are too poor. Basically, the maximum rate for Youth Allowance - and this is just a typical single student away from home who's on his own - is what you can see there [pointing to PowerPoint slides], about \$11,000. And then you get the Start Up scholarship, which is another \$2,000. If you're a relocated person, you might get a relocation scholarship and rent assistance, and if you add those up, you know, it's variable rates depending on what year of study and how much rent you pay. It's all too hard to try and get a figure for that since it'll range. But also there's paid work. There's a reason our students work 15 hours a week and that reason is basically because, 1A is not enough to live on even if you get it. And many of our students are not on the full rate of Youth Allowance, even though those settings are the most generous they've ever been in 20 years, there's still lots of people that you wouldn't call wealthy who do not get the basic income support from Centrelink, they're on partial rates and you've heard that student say I got \$1.50. She didn't get \$11,000, she would have got \$1,000 or something. So it's a long sliding scale to the point where you get zero. More generous than it's ever been before, but the reason our students work is it is really to make up to about the \$25,000 or \$26,000 that you need to live independently.

And I guess I wanted to pull that up because the dominant factors, by dollar amount, are 1 and 2. They're not 3 [scholarships]. And the whole focus is on 3 in our current debate. So not just by dollar amount, but also by predictability and consistency. When Centrelink administers something by national means test, everyone is treated the same and every poor person, regardless of what institution they go to, and some of them are at school still, will be treated the same. Every family. There is national consistency in that. If you move universities, you don't lose it. It's you as the individual being assessed as to your financial need. The institutional scholarships, by their very name, tell you that that's not necessarily the case. You might get one if you go to that institution, and it depends how they decide to give them out. So I think when I went to try and figure out what would our students lose when Start Up was converted and the relocation was cut, I figured out that QUT students would lose collectively about \$6 million a year. And then I thought, well, I wonder what collectively they're getting under Youth Allowance and I did some very dodgy maths and came up with - I think it's about \$20 million a year in income from Youth Allowance and about \$6 million from Start Up and relocation. And then I thought, well, what are they getting from their work, so I did a bit more dodgy maths - 15 hours a week, \$18 an hour, 40 weeks a year and you get a figure like that \$10,000 or \$11,000. So what struck me is that whilst we're all focussed on Item 3, it's not the main game. The main game is the work, paid work, and the income support from

Centrelink which just happens to have these things called Commonwealth Scholarships now. So we need to see all of that when we have a discussion and not just one part of it, otherwise it's quite misleading.

So the next thing I wanted to talk about is the bills. Now, these are the four dimensions that are covered and I'm only allowed to talk about scholarships and I will do my best. But it's not easy to talk about scholarships without mentioning those other dimensions because the amendments that are now on the table and the bills entangle scholarships in every part of those dimensions. For example, it's proposed that the Start Up scholarship be a loan, not a grant. Well, if it's a loan and you take it, that's got an obvious effect on student debt, one of the two big things being talked about, price and debt. Scholarships and HEPP are just small things, but collateral damage from those first two.

So there is a connection with debt and there's a connection with income. The commercial interest rate before it got amended away was clearly, you know, had implications about, well, will we need tuition fee scholarships again? So that poor people can avoid terrible debt because it's going to be so hard to pay it back. Luckily, we don't have to worry about that part of the game at the moment. The 1-in-5 proposal - and you'll notice I do not call it a Commonwealth Scholarship scheme and never will. I call it the 1-in-5 proposal, where \$1.00 of every \$5.00 of the university-determined fee hikes is put aside for scholarships or outreach or learning support or other support measures. It has an obvious impact on course price, because it amounts to 25% more than you need to charge, and student debt. And in December it was proposed that an unnamed amount of HEPP funding be tagged for grants to universities for scholarships - for some universities, not all - and that's got, obviously, effects on the base grant of HEPP. So I will try very much to just talk about scholarships, but the tentacles are now all entangled.

So I'm going to go through three items and talk about whether they're good public policy or not and I've got strong views; they're not shared views, but there you go. The idea of taking the Start-Up Scholarship, and let's just go back to that, which our students use now for cost of living, and whether price of debt change, the cost of living is going to be the same next year and they're going to be, according to this proposal, \$2,000 worse [off], if they don't take out the loan. So it's going to be, the suggestion that it be converted from a grant to a loan isn't an invention of this government. It was the Labor Party that thought of that when they were chasing their elusive surplus and they characterised it as being needed to get the money together to support the Gonski reforms. That was a very bad moment in public policy and this is still a terrible idea. And it's not just because our poor students will lose money; it's the precedent issue. So if that - what I consider now to be an integral part of the income support system - can be converted to a loan, then why not the Relocation Scholarship, which the Commission of Audit suggested happen, and why not Youth Allowance itself as it's happened in England? If you want to make a comparison. There is no logical impediment. Once you say whatever was a grant may be a loan,

then, you know, there will be pressures on future governments to use that strategy to shift costs. So I think the precedent issue here is very scary. I think then there's two things that happen. Either the student takes such a loan because they need the money to live on, in which case they'll have \$6,000 of more debt than the wealthy people in their same course, on exit, or they don't take the loan and how will they make up the difference? They'll work longer hours. Because what other options have they got in that little table to do? So if you want to work out what \$2,000 a year amounts to, it's a few hours a week. So we know that 15 hours a week is the average and it's risky, anything above that detracts from study time and drives down success. We do not want to put our low income students in a position where the only way they can make ends meet is to work even more hours in casual jobs.

So I was kind of both surprised and disappointed that the sector didn't say hands off the Start Up Scholarship. They didn't. There was largely a silence around this matter and I thought, hmm, that's not very good. The ATN, which is the group I'm part of, made it a big strong issue when they did their submission to the Senate Standing Committee and EPHEA, the practitioner body, made it a big issue. But there has not been an outcry - because people got consumed about the price of debt - about this loss, which I think is a dangerous loss. I don't think most universities could even name how many of their students are on means-tested Centrelink benefits and yet we know this. The last published data was in 2012 and in proportion terms, depending on your institution, it's somewhere between 7% and 17% of your students are on means-tested Centrelink benefits. And in headcount terms, that's somewhere between 600 and 5,500 students all about to lose \$2,000, or perhaps \$3,000 if they lose their Relocation Scholarship, or more. And so who's done the sums about how they, how that could be institutionally made up? And which optimistic Vice-Chancellor was thinking they would find, in our case \$6 million, for this next year and so on? Because they were slated to go this year before deregulation came in. In the end, we didn't have to do that because certain guidelines didn't get through. What has gone through, though, is something about relocation scholarships, which have been reduced in number. By general agreement, people going from capital city to capital city no longer get it, but there were no grandfathering arrangements so some of our existing low income students just lost that and that's already happened. So that's being, that's the only thing I think that's got through the Parliament at this stage.

So I guess - and the total savings for government in changing the Relocation and Start Up changes - about \$800 Million. So, you know, it's not to be sniffed at. This was a cost-saving measure, I think, in essence.

I think that we need to... If you take the lens back to Nelson and those Commonwealth Learning Scholarships, you can see what we've got left, and there's a handout on the table. I know it's old fashioned, but I did a handout. And it's got a table and it's got what people call scholarships, equity scholarships, and there's six sections. I'm going to come to that in a minute. The first three are really - let me just

find it. The first three are really what Nelson did in 2004 and the remnants thereof. So the closest in kind is the Indigenous Scholarships, which are still given to universities to administer. They were not sent to Centrelink and I have to say good because I think universities are a more friendly administrative agent for that kind of scholarships than not. So they still exist and under the old model, hideously detailed guidelines, government reporting, bidding process for how many you get and you don't find out till too late - all of those things - I'm not complaining about. It's fantastic to have that money, but it is an administrative challenge, as it was in 2004, to work that way. The government decides the product, the product value, and the eligibility, and then you administer it.

But anyway, that still exists. Two and three are the renamed Nelson Commonwealth Scholarships gone off to Centrelink. Some of the Relocation have gone and Start Up's in danger. So I think elsewhere in the Social Services and Other Legislation Amendment Bill 2014 Budget Measures No. 4 - and it's a wonder you haven't read it; it's a really good read - is another social security change that will affect our students and that's Pensioner Education Supplement. Students who are on carers pensions or disability pensions don't get youth allowance, they get those instead, but they can get Start Up. It was a flaw in how that was done at the time that they don't get either Start Up or Relocation, but what they get is the Pensioner Education Supplement and it's slated for removal. So, again, the ATN put forward that that should not happen to our students, some of which are amongst the most needy. And one of the students coincidentally this morning is on precisely one of those benefits that will attract the Pensioner Education Supplement. So you can't just look at the HERRA bill, you've got to look at the Social Services bill. So there's two standing that we're interested in. One is this convert the Start Up to a loan, that's in one bill, and the Pensioner Education Supplement is another bill.

So the second change and the proposed change in public policy I want to talk about is the 1-in-5 proposal and I do think that the net effect of this will be to undermine and all but destroy this national scheme of targeted scholarships and replacing them with an atomised, untargeted patchwork of what are called Commonwealth Scholarships but really will be institutional scholarships. They will be determined by the institution, the product name, the product value, and guidelines, and so on, and how they're given out. And if you move institutions, you don't take it with you. That's an institutional scholarship. In this case, I think that - there's many things you could say about this proposal about what is wrong with it - it has some superficial attractiveness, but there's a lot of things not right about it, and one of them is the general principle of taxation and income support that it's all of us through the taxation system that pay for Youth Allowance and that is redistributed in the relocation and the accommodation cost scholarships. This is a way of singling out one group of citizens, in this case students, to pay for one of those benefits through higher course prices. I don't think that is right. I don't think that's how we would run the welfare system. It's not how we would run merit scholarships. It's a very odd proposal to

think that just some people should pay for this redistribution to the poor, which is, you know, part of the welfare system. I don't think that is, in principle, correct. And, of course, it's accompanied by these other cuts, so there's a cost-shifting effect as well. It adds to student course price because, in essence, if you've got to put aside \$1.00 in every \$5.00 of the money you need to run a course, you've got to add that 25% to what you would otherwise charge so that you can put it aside. So it does inflate the course price in some way. And I think, is it related to the price of the course? Not really. Scholarships for low-income people is an unrelated item. Is it an example of price gouging? I think it is.

I've got - I tried to argue, and I don't know if this is a good idea or not, that one way to modify this proposal would be to not make it compulsory. In a deregulated system, there would be nothing stopping a university who wanted to charge a certain amount and put some of that aside and do this work, and they could make that as a market decision. Some universities, such as my own, who have already built a very large scholarship scheme probably wouldn't do it, but we've got to fill the drop in base and so on and so on. So why wouldn't this be a voluntary act by a university? Why is it compulsory? And I think that I know why, but I think that when you pose that question, you think about, well, is this the way that people want to build institutional scholarship programmes or not? I think the allowable purposes of the money collected is far too broad – it is HEPP Mark II and a dangerous [inaudible] in the medium term. In fact, poor old HEPP didn't even make it till December because it instantly became redistributable money because money for similar purposes was going to be collected in a different way. In a way, it also puts at risk, I think, SSAF and some of those other dedicated pots, so I don't think it helps in that way. And its main flaw, and there's been much talk about it, is the mal-distribution that results. It's how big your course price is and how much you collect will determine how much you've got to administer to people in your institution, whether they are poorer people down the road or not. So it is utterly the opposite of a Centrelink-administered national individualised means test. It's an institutional programme that only benefits people in that institution. So whether we want that to become the main game is a public policy question.

Now... [looking at notes] I won't go on about that. No, no, I won't go on about that, either. But I do think that, when it first came in, I thought, "Oh, well." And particularly when debt was on the table, I thought, well, this money will have to be used to exempt our poor students from paying the higher prices, so that means, you know, five students will pay it so the sixth doesn't have to. And I went down the path of, well, how many is that with 16.6% of that cohort, whatever, and would that be enough? Well, it depends on how many you get and so on. But once we come clear on this consensus, no one really envisioned this as being a mechanism by which some students wouldn't have to pay higher prices. What they're envisioning is everyone will pay the higher price and then it will be partially redistributed back to the

poor. So you've got poor students funding their own scholarships through higher course prices. There's something just not right, I think, about that.

But then I guess the third element is, in that table is No. 6. This is the December surprise scholarship package whereby, apart from the 1-in-5 that had a lot of airplay, there was an amendment now on the table to tag, I guess, an amount, an unnamed amount, of HEPP funding and make that available to some universities above a threshold - also undefined - so that they can use it for scholarships which are alleged to be needs-based for low-income and/or rural in ways that are not clear. That's a bit of a surprise. Those of us who envisage HEPP as an incentive funding, particularly for outreach, are not happy that some money will no longer be available even if we were to get a grant. So the threshold that says whether you get a HEPP grant at all, it looks like it's going to be the same threshold as to whether you get the scholarships grant as well. So you'll likely get both or neither, and it's not clear what that will do to the collaborative partnership-based outreach stuff in particular that's grown up under HEPP incentives, in future years. I don't think it will, I don't think they can be sustained unless everyone is incentivised for the pre-tertiary domain.

So I'm not allowed to go on about HEPP threshold; I've promised I wouldn't. But this new one, which is about scholarships, is actually just going to take a slice off the top. Will it be very large, thus reducing the grants to those who get them? Or will it be very small, and if it's very small, will it make a difference by the time you give it out to 20 universities and so on? What will the guidelines be? Don't know yet. Will they be the same as the 1-in-5 guidelines? No, they'll be different, knowing they're both in some kind of embryonic state somewhere. Will they be strict or light on? Don't know. The 1-in-5 are meant to be light touch because, after all, it's not their money. But this is Commonwealth money. I don't know whether to call 6 Commonwealth or institutional. I really should've put a slash because it's Commonwealth money, but there's every indication that institutions will determine the product, the product value, and the distribution. So that sort of institution money you can't take it with you when you move institutions. So they're a hybrid type of scholarship. So if you're in the administration of scholarships, we may well end up with three sets of guidelines to administer three sets of scholarships which are really meant to be targeted to the same folks.

So I've also suggested in amendments we've put up through the ATN that we need to - and this is just a minor point but an important one - the current bill doesn't actually say "poor people." It says this money will be used for scholarships for students, for disadvantaged students, and elsewhere in the bill disadvantaged students are defined as people who are members of each of the equity groups, the old Martin groups, including women in non-traditional areas. And low SES students are defined as people from an SA1 postcode. So if you read it literally, you can only give these to people by postcode if they come from low SES postcodes and could give them to wealthy people from the country or wealthy NESB people and wealthy women in non-traditional areas. So we have suggested the words in there

"experiencing financial hardship" to make sure that this is not used in - I think that's an unintended consequence of the way the bill was probably hastily put together, but at the moment you don't even have to give these to poor people. They just have to be members of the group. So when it comes to public policy, I've always thought - oh, no, I won't say that. [Audience laughter] Oh yes I will... Public policy doesn't obey the laws of physics and the second law of thermodynamics says entropy will go to a maximum if you leave it alone. That's not how it works in public policy. If you make it unstable, illogical, things that don't mesh together or contradict each other or undermine each other, in due course they will collapse and go back to an equilibrium and go back to something that's more logical and more stable. So I think what we've got now when you look at those six nodes is instability and illogicality in how we want to provide financial support to our low-income students. And it is inevitable, even if it was brought in two or three years later, it would have to be reformed because it just is going to be so complicated and contradictory.

So there's a heap of changes that need to be made to the bills as they stand. I do not think HEPP funding should be tagged and converted to scholarships. I know that solves a political problem about the mal - that was in response to people's concern that the 1-in-5 proposal, the money would end up where the students weren't and people said, well, can you [inaudible] and redistribute and that became impossible. Well, can we have some more scholarship money then? Well, we haven't got any new money so we'll use this old money. We'll redistribute some money that we've already got. It was as simple as that. It solves a political problem, but it certainly doesn't do HEPP any favours.

I do think we should oppose the conversion of Start Up from a scholarship to a grant. I don't care what happens in the other five boxes. That's part of income support now and it should stay. And we have to, as I say, think about whether the 1-in-5 could be compulsory or excised and so on. I think if those changes were carried out, we would have something called the Commonwealth Scholarship Programme which was indeed Commonwealth and we could continue to build our institutional schemes as well. Now, I don't just want to talk about the government here. This isn't an anti-government raid. Because we need to examine quite closely our own behaviours in how we dealt with institutional equity scholarships over the years, and it's not a very pretty picture. Part of it has been about the public policy settings and part of it has been about different courses in our universities. So I want to go back. I want to stop talking about public policy now. I've made the point that I think it's messy and unstable and it won't last and it's not very good for students. It's too untargeted. But I do want to talk about, well, if these new piles of money come in, what's it going to look like and how are they distributed. How are they going to be given out? And we need to remember, I think, what happened in 2004 and there are some people here who were the administrators of those CLS at the time and we were all very excited at the start. There were two types of scholarships and pretty rough guidelines, but they had to be developed through a consultative, orderly mechanism and we had all had

a say and got things in there that we wanted, because we all already all had institutional schemes. It wasn't a green field site. So these scholarships had to be nested and made to work with whatever already existed. So I think the things we struggled with and the things we learnt from are those four that are up on the screen, and the first is, how do you tell who needs the scholarship? How do you tell when people are low income or not? Well, nobody uses postcode. I mean, you only have to think about that. And really there's only two ways to do it and these were actually written into the guidelines at the time. One way is to rely on Centrelink's assessment of people and say, well, if Centrelink says you passed their means test, I know something about you. I know you're in the low-income zone so I will use that as my group that I'm going to give these new scholarships to. Except that we all know there's poverty outside of those Centrelink cut-offs and there certainly was then - this was before the reforms. So some other of us wanted to do our own assessment at the university and we were allowed by those guidelines to do so. We could determine who was the neediest by mechanisms that we invented ourselves and I think at least half a dozen universities came up with schemes that looked at both income and expenditure and life circumstances in a multifactorial way with analysis, blah, blah, blah, that could figure out who needed the scholarships the most. One of the issues there, and we face it now, is that poverty is a continuum. There's no such thing as a threshold of poverty. People are either really, really poor or really poor or a bit poor or, you know what I mean? It is a sliding scale, so there's no such thing as a cut-off below which you don't have to even think about those people. You have to, in fact, find a way to work out relative need in an applicant pool which is always bigger than the number of products you've got to give out, whether it's your institutional scholarships, Commonwealth funds, or even Youth Allowance. That's why they have those means tests. You can't satisfy all needs, so how do you then measure and fairly put in a queue those who've got some claim of disadvantage or poverty? And all of us have found a way to do that and to work out how we can compare two people with utterly two different life stories, like the two we had this morning; if they're the two contenders for the last scholarships you've got to give out, you better have a good process for working out who's going to get it, and a process that doesn't rely on sentimentality or random opinions of the selection panel but relies on criteria-referenced assessment, comparable judgments, and properly construct-based validity of the instruments you're using, with weighted points that make sense.

On the next one, in 2004, this is probably the thing we talked about the most. Should we count people's marks, either their GPA if they're a continuing student or they're ATAR if they were a commencing student? Many of us already had schemes where we didn't. We didn't look at it at all and the view was if the student's good enough to get into the institution, they're good enough to be considered, and whoever's the neediest should get the money. But this brings into focus, I think, the philosophy of how you think about equity scholarships and how distinctly different it is from a merit scholarship. A merit scholarship is by definition a reward for being clever. You've got good marks; therefore you get this pot of money. An equity scholarship is no such

thing. It is a pot of money, it looks the same, you're giving someone a pot of money, but it is based on "you need this money because you don't have any money". And if you don't have any money, you might drop out or you might not come and so on. So we should call it needs-based scholarships. And people get tangled up with whether you should count marks or not. Shouldn't we just give it to the bright poor because they're a better risk? Shouldn't we - you know? And so I'm sure you've had those conversations inside your institution and each of us have settled it in different ways. I've got a very rigid view about it, which is if these are needs-based scholarships, then needs should drive who gets them. The primary and hopefully sole driver of who gets those scholarships. But I'm sure that will come up again.

And in 2004, merit was put in the guidelines, but it was left to institutions about how you used it, and some of us used it barely at all or not and some used it to sort out people who were on Centrelink benefits and to give out the Commonwealth scholarships by that means. It's a dilemma we face every day in this day.

And I think the last one, I mean, you know, you know you've been in the sector too long when you take an interest in business processes, but really I've never done anything so complicated as scholarship administration. And we do lots of complicated things in my department. But if you have something that covers commencing and continuing, something that relies on extracting data from the student system, from the TAC, if you do Commonwealth, if you're going to pay people, so you're connected with the finance system, you're going to do government reportings and connected to HEIMS, you've got to make it nest with other scholarships. You've got to have rules for [inaudible], blah, blah, blah. It is quite tricky and universities were not well equipped to do this when it first happened and we scrambled to get business processes in place, and some of them are still a bit clunky. So if we're going to have three schemes with three different sets of guidelines and so on, we will face those same issues. And the only way you can make this fair and easy for students is to have exceptionally good business processes and very good connectivity with the system so they don't have to fill out a hundred forms telling you things you're already supposed to know and you can extract data rather than get them to provide it, and so on. You know the drill. But it is not without its complications in a purely administrative sense, and to get that right makes it easier for students and that's a really important part of what we learned, I think, in 2004.

Okay, let's move on a little bit then. I just want to talk a little bit about QUT's scheme because of the one I know the best and because I've been on that journey about what we learnt, in the doing of it, and I know everybody's got schemes and, you know, we've all shared these before. There's good practice everywhere, but I do just want to focus on this. We started our scheme before the CLS and I argued in the CLS that we should be able to do our own assessment because that's what we were already doing and I didn't want to have to only use Centrelink as a cut-off and we got that. So since that time, all needs-based scholarships are in one process, one form,

and 2,200 products of various different sorts. We took a view that we would make it... We would have no eligibility requirements basically. If you're enrolled, you can apply. International, domestic, part-time, full-time, post-grads, PhDs, anybody can apply. And if they're needy, they'll get some money. And we took the view that these were retention devices and the research has proven us correct on this matter, and that we wanted not just to find the cash poor but the time poor because we knew that's what makes you drop out. If you've got a complicated life and no money, you're in a worst position than someone with a simple life and no money and vice versa. So the factors we consider are every factor you would expect. We don't look at technical membership of equity groups, but we ask about income. We call it "Centrelink plus", so it's income, expenditure - and this was based on the Saunders research out of UNSW about what financial deprivation looks like in the holistic-lived life, and it isn't about your cash flow; it's about what you can afford on a daily basis and what you're missing out on. What deprivation do you experience? So students would give us - it's all evidence-based - they had to give us their credit card statements and their bankcard statements, what they've been spending their money on for the last six months. And we look at it and we see if deprivation is evident in their lived life. And we also look at life circumstances, anything that complicates your life and eats into your time or prevents you from doing paid work, we count it. So if you're a carer for children, a carer for someone with disabilities, got a disability yourself, socially isolated because you come from a long way away, [inaudible] and whatever in your background, refugees and so on. So we worked out early on what we like to think is a holistic whole-of-person assessment, weighted the points, we've argued about the weightings and tweaked them. We've done this for 10 years now and we give out about \$5 Million a year and we have about 5,000 applicants each year. So it works for us and it's not dependant on the guidelines and we basically, I think, are trying to make it easy for students. And when they say, well, should I apply? Am I eligible? We say, well, unless you're hideously wealthy, you should give it a shot. That's it. And then we tell them once we've done all these points, people get a total point score, they're put in a queue based on their total points, that's the neediness queue, and we give out the products in order of value so that the poorest people get the best stuff until we've run out of stuff and that's the cut-off. It's a bit like ATARs in some ways. So that's how we've arranged the world to solve those complex problems of who should I give it to when you've got this competition. And we've learnt from that that it works. We've done the data analysis on attrition and surveyed the students for 10 years. The message is the same: the attrition rates drop. For the first few years, the attrition rates of these very poor, low SES people were better than that of all other students. We couldn't believe our eyes. That's attenuated over time. It's now they've closed the gap, but they're not better; they're just under. But when we survey students, this is what they say. There's a practical effect from the scholarship. Clearly, they use the money on educational or living costs. 50% of them reduced their paid work hours using the money they get from the scholarship. They buy time with it. So the net effect of the scholarship is more time, less stress. They can devote that to study and that makes them complete. So they're a retention device.

Surprisingly, they also talked about psychological effect, and this has been the same the last nine years as well, which is they felt a sense of belonging to the institution. They felt motivated by being chosen and wanted to prove that they were worth it. There was this quite strong psychological effect around what we call sense of belonging in the first year experience lexicon, as well as this practical effect, the net result of which is more time and attention to study and a lower drop out rate, and that is what scholarships are for. We also ask our students - because we offer early and pay early. It's a high trust scheme and we pay before census date and there's a risk around that. Some people leave and we never see the money again, but not many. There's a lot more leave if you wait and wait and wait until Week 3. They're already gone by then because they didn't have any money to buy books and stuff. So we pay early and we don't do heavy tracking and we tell people before Christmas, as many of you do, and so we ask people did knowing you were going to get the scholarship - because some people know in advance - make you enrol here? I forget what the words are. And most of them say it helped me persist with my enrolment, but it wasn't the trigger that made aspiration come from nowhere. So it helps people persist with what we would see as a recruitment decision, but a lot of them say, and we gave this as an option on the questionnaire, "I was going to come anyway." 50% of them tick that. So we've concluded long ago that scholarships are not a major recruitment device, and you probably shouldn't try and use them as one, but they are a major retention device because they're the icing on the cake, and the cake is income support and paid work.

So I guess, in conclusion - I'm getting the nod - I think the next important steps are we should bring our knowledge to bear in this public policy discussion to see if we can get a tidier, more student-focussed landscape out of it, but simultaneously we had better work with the Department [of Education] on these emerging guidelines and I'm very pleased that the National Centre is in this space and thinking about those issues. This is clearly not going to be an orderly, consultative process this time and so we can feed our views about what those guidelines should say or not say through the National Centre if we need to and that's really important. So that's all for the moment. Thanks.

[Applause]