

## EDUCATION, SCIENCE AND TRAINING

### SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2004-2005 BUDGET ESTIMATES HEARING

**Outcome:** 2

**Output Group:** 2.5 – Assistance for post school students including those with special needs

#### **DEST Question No. E113\_05**

Senator Stott Despoja provided in writing.

#### **Question:**

Why weren't all scholarships exempted from social security income tests?

#### **Answer:**

*Scholarships exempted from social security income tests*

The current income test treatment that applies to most discretionary cash scholarships was maintained because recipients of these scholarships are able to use their cash payments to support themselves. Recipients of fee-waiver and fee-pay scholarships are not able to use the scholarship funds they receive to support themselves.

If the Government were to exempt all scholarships, then it would be possible for students with discretionary cash scholarships to be considerably better off than a student who is earning the same amount of income from working. In a needs based social security system, this would not be fair.