

Why third-level fees were abolished in Ireland

Niamh Bhreathnach recounts the decision-making process that led to the end of university fees during her tenure as Minister for Education in the 1990s

Why the abolition of fees?

A commitment in the Fianna Fáil and Labour Party Programme for a Partnership Government, published in 1993, promised that access to third-level education would be increased during that Government's term of office. At a time when the economic climate was improving, when graduates were urgently needed to increase our graduate workforce, the Government was committed to increasing education provision to help us meet that need. How this could be achieved quickly was my challenge as Minister for Education.

From a personal perspective, the challenge to increase access to third-level education was driven by my own experience as a primary school teacher, when in the 1960s I taught at Cook Street National School, a school situated up the road from Trinity College Dublin. The children of the Oliver Bond flats would have qualified for free fees and maintenance under the existing grants scheme, yet not one had ever entered the gates of Trinity College or any other third-level institution as a student by the time I arrived at the Department of Education 30 years later.

For them, I put in place the Early Start and Breaking the Cycle initiatives. This year, after a decade of targeted grants, I am hoping these students have graduated to a Leaving Certificate class locally and will expect to finish their education down the road at Trinity College.

Funding for third-level education

But before this success story, let us return to the 1990s and the outcome of a report I commissioned on the Third Level Grants Scheme. At the time, an extremely mean third-level grants scheme was in place for students deemed in need of help. Those above the grant ceiling were mainly paid for by their parents. A block grant was paid to all state universities. The Regional Technical Colleges (RTC) sector benefited from EU funding. To help fee-paying parents of students over 18 years of age, a tax covenant scheme existed whereby immediate family members could offset 5 per cent of university fees against their income tax. But because no such limits applied to the covenants claimed by other relatives or friends it became relatively easy to fund student fees 100 per cent. By covenanting funds, managers were able to put their children through university, while their employees could not. Farmers' children were very evident in the student cohort but not those of farm labourers. And many university staff were covenanting the cost of fees while availing of free tuition for their children, a



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little known staff perk at the time.

The extent of the use of covenants outside the 5 per cent limit became evident when a study on the schemes by Dr Donal de Buitelir, commissioned by my department, was completed. The report recommended many changes to the existing schemes, such as the inclusion of assets in a reformed grant scheme. It was difficult to envisage a fair way forward, unless assets could be assessed, but to suggest new ways of using the tax system to fund fees was just not viable in the tax climate of the time.

Means testing in Ireland has been notoriously open to abuse. The de Buitelir report adequately demonstrated this. If the existing covenant scheme had been abolished and the total savings redirected through central funding to the grants scheme, I estimated that

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it would only benefit those on family incomes of £21,000 or less. Large numbers of lower middle class parents, already struggling to put their children through third level, would lose out totally and access to this new generation of Leaving Cert graduate would become nearly impossible.

Abolishing the tax covenant

It was when I examined the figures in the report that it emerged just how much the covenant tax relief scheme was costing the Exchequer. I realised that I could meet the commitment in the Programme for Government to give access to third-level education fairly quickly if I had access to those tax credits. Of course, the tax revenue that would be saved if the covenant scheme was to be abolished had to be ring-fenced and the total amount used to increase the block grant and to open the gates to all undergraduates freely. With the support of my Labour Party colleagues, especially that of Tánaiste Dick Spring and Ruairi Quinn, the then Minister for Finance, this Labour/Fine Gael/Democratic Left government abolished the tax covenant for education expenses and ring-fenced the savings. The gates had been opened. Numbers attending third level today confirm the success of this decision.

Of course, I could have done it differently, but politics is the art of the possible and by turning the findings of the de Buitelir Report on its head within two terms, undergraduate students in Ireland shared the same access to third level as their European counterparts. If education is the key to the individual's life chances, it surely must be the key to our country's future. Today as the Australian loans scheme is being reassessed – too costly, too many reneging on loans – perhaps we might consider ways in which our present low taxation system, with its many tax shelters, could help. Unfashionable though it is to say it, we are a low taxation economy, lying 28th in the OECD table on expenditure on education. Promises by ministers to "continue investing heavily in education" should be challenged, most especially by a third-level sector that is in need of more investment.

Niamh Bhreathnach was Minister for Education from 1993 to 1997, serving in two governments, Fianna Fáil/Labour and Fine Gael, Labour and Democratic Left. As Minister she inter alia published the first White Paper on Education "Charting our Education Future"; she initiated specific programmes for disadvantaged areas, and added Social, Personal and Health (SPHE) and civics as an examination subject to the curriculum.