

Submission

to

Senate Employment, Workplace Relations and Education
Legislation Committee

Inquiry into the provisions of the Student Assistance Legislation Amendment Bill 2005

Submission no: 4

Received: 23/09/2005

Submitter: Ms Tanya Acheson
Welfare Coordinator

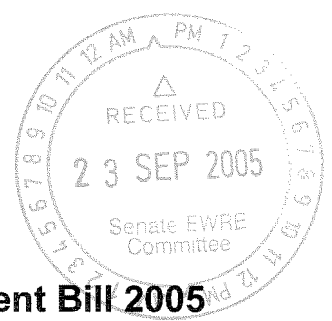
Organisation: James Cook University Student Association

Address: PO Box 1
James Cook University
TOWNSVILLE QLD 4811

Phone: 07 4781 4608

Fax: 07 4781 4605

Email: Tanya.acheson@jcu.edu.au



Inquiry into the Student Assistance Legislation Amendment Bill 2005

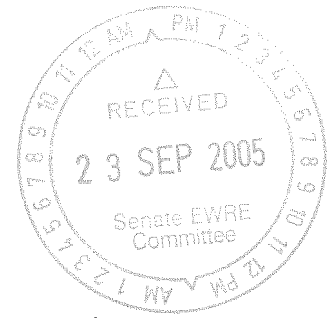
The James Cook University Student Association, which represents 11 705 undergraduate and 2573 postgraduate students at James Cook University (JCU), welcomes the opportunity to contribute to the Senate Inquiry into Student Income Support. The Student Association's Support Service provides a Welfare Rights advocacy service and fields over 4 800 student finance related inquiries each year. A number of case studies will be presented to illustrate the student experience.

The 1999 grounds for welfare reforms were argued as follows,

It [current welfare system] embodies assumptions about the structure of work, the structure of families and gender roles that look increasingly outdated. It has not kept pace with the economic, social and demographic changes of recent times.

*Hon. Senator Jocelyn Newman – Minister for the Family and Community Services
Discussion Paper: The Challenge of Welfare Dependency in the 21st Century*

It would appear that since this time, little has changed in regard to student income support. The current system of support continues to uphold a number of incorrect assumptions and fails to recognise the changing face of tertiary students and their higher education and employment environments.



SUMMARY

The Student Financial Supplement Scheme (SFSS) assisted thousands of students each year through the provision of additional funds. The current rate of student payments is insufficient to adequately cover basic living expenses. Therefore, SFSS funds were historically used to compensate for these inadequacies, albeit at their ultimate “trade-back” expense. The receipt of additional funds enabled students to reduce the time spent away from studies undertaking paid employment.

The current system of student support relies on outdated, stereotyped perceptions of tertiary students and fails to acknowledge the changing demographics and new pressures faced by these students. This submission challenges the false assumptions that form the basis of the current system and calls for a system of income support that adequately addresses the following realities:

- The current rate of student payments is insufficient to adequately cover basic living expenses.
- Living expenses are just as costly for people under the age of 18. Aged based differential rates of payment are unacceptable.
- Over 40% of the JCU student population are not school leavers.
- Not all families will or can support their adult children until they are at least 21 years of age (unemployed) or 25 years of age (student).
- Students do not choose to study rather than seek full time employment. Study is often a means to acquiring full-time employment.
- Part-time work cannot always be successfully accommodated into the timetable of a full time student and can adversely affect academic performance.
- Indigenous, mature aged, part-time and postgraduate students and students from low socio-economic backgrounds experience significant barriers to accessing tertiary education.
- Mature age students may be forced to return to study without a means to support themselves and their families.
- Mature age students pay rent and require financial assistance.

This submission highlights some of the problems created by the closure of the Student Financial Supplement Scheme and suggests other alternatives, to meet the inadequacy of living allowances. These alternatives would greatly improve access to tertiary studies and are highlighted within the body of the submission.

- Availability of Rent Assistance for Austudy Recipients
- Tax Deductions
- Textbook Subsidy
- Transport Subsidy
- Access to Job Network Card
- Automatic issue of Health Care Card (HCC)
- Biannual entitlement to Advance Payment

The following submission provides particular reference to the impact the closure of the Student Financial Supplement Scheme has had on the students at James Cook University.

University Context

James Cook University (JCU) is the largest provider of Higher Education and broad based research opportunities north of Brisbane. It is a regional University in the sense that its major centres are located outside of the capital city, but are world leaders in the quality of education and research in many areas. It is unique in that JCU has also used its geographic location to inform much of its research.

JCU serves to provide educational opportunities to Northern and regional Queensland. The University's student population is characterised by the following:

- Approximately one third of all students are in receipt of student income support (Youth Allowance, Austudy Payment, ABSTUDY or Pensioner Education Supplement.)
- Approximately one third of all students study part-time.
- 70% of students enrolled at JCU in 2003 are from the Northern region of Australia with 34% from rural areas.
- It is estimated that a considerable number of JCU students are first generation tertiary students.
- 41% of the student population is aged over 25 years.
- 2.75% of JCU students identified as indigenous.
- 3.3% of the student population identified as having a disability.

Presently, the University has two campuses in Townsville, and one each in Cairns, Mt Isa, Mackay, Sydney and Brisbane. Not only are these campuses the educational base for over 14000 students, but the University is an integral component for communities and has strong industry links in Northern and regional Queensland. As the University is the sole provider of education and research in such a large geographic area, any changes that affect its operations and students will impact greatly upon regional communities and businesses.

The closure of the Student Financial Supplement Scheme

The Student Financial Supplement Scheme (SFSS) assisted thousands of students each year through the provision of additional funds. The current rate of student payments is insufficient to adequately cover basic living expenses. Therefore, SFSS funds were historically used to compensate for these inadequacies, albeit at their ultimate “trade-back” expense. The receipt of additional funds enabled students to reduce the time spent away from studies undertaking paid employment. The increasing costs of higher education and the requirement for students to work longer hours to support themselves has led to a reduced focus on academic performance.

The presentation of the SFSS as a “no interest” loan could be perceived as misleading. The “trade-back” aspect of the loan served to disguise the actual costs to the student which, in reality, was a one hundred per cent increase on the loan principle. This misrepresentation resulted in students unknowingly accruing debts of over \$7 000 each year in addition to HECS debts.

Unfortunately for some students this scheme was a necessary sacrifice, providing their only opportunity to access tertiary education. This scheme was often used to “top-up” partial payments and reduce the need to undertake paid employment. Paid part-time employment is not always an option for students enrolled in courses with considerable contact hours and/or block placements.

Despite the unfair conditions of the fund, it serviced a genuine need within the student population. The abolition of the scheme as a whole fails to address this ongoing need. The closure of this scheme without protection provisions for continuing students has led to some students being forced to withdraw from studies despite almost completing their degree.

The abolition of such a loan scheme of this nature is commended by the JCU Student Association. However, the Federal Government’s inability to address the shortfall created with a more appropriate support system is of grave concern. See Appendix A: Case Study One

Recommendation 1: *To bring the basic rate of Youth Allowance, Austudy Payment and ABSTUDY in line with Newstart in the short term and to the Pension level in the longer term.*

Current Measures for Student income support

Adequacy of these payments

The current levels of income support fail to provide students with sufficient funds for basic living standards and fail to acknowledge the additional expenses associated with University study. Australian Council of Social Service (ACOSS) research indicated that in July 2002 those receiving Youth Allowance and Austudy payments are well below the poverty line, with a single adult student receiving Austudy being 39 per cent below the poverty line and those on Youth Allowance 20 per cent below. The inadequacies of the current payments are highlighted by the personal perspectives of JCU students in Appendix A: case studies two and three.

Differential payment rates/entitlements exist for students under the age of eighteen (18) and for students aged over 25 years. This serves to disadvantage school leavers and mature-age students. Whilst payments may be differential, expenses are not. Currently students are disadvantaged by up to \$941.20¹ per year for being aged less than 18 years. Student living expenses such as board, text books, printing, photocopying and other associated education costs, clothing, phone bills, transport and HECS fees are not charged according to age. A 2003 ACOSS study identified the cost of supporting a child, for low income families, increases as the child grows older. The actual direct cost of a low income family supporting a teenaged child to be between \$160 - \$213 a week.²

The current policies do not reflect the demographics of the student population. Many older students have been forced to return to study in order to rejoin the workforce. Mature aged students often study for the following reasons: may have had to leave previous employment for medical reasons, may have been absent from the workforce for an extensive period whilst raising a family, have been retrenched or need to establish financial independence following a marriage breakdown. The current system means that a 25 year old student may be worse off by up to \$2548³ per annum in comparison to a 24 year old student.

Alternative student income support measures

Adequate levels of income support must provide students with sufficient funds for basic living standards and acknowledge the additional expenses associated with University study. In addition to adequate living allowances, other alternatives (with minimal cost to the federal government) that would greatly improve access to tertiary education are highlighted below.

Rent Assistance

Rent assistance must be made available to all recipients on student income payments. Rent Assistance should be made available to older students as they will experience the same costs as a younger person. Students should not be disadvantaged as a result of being older

Special consideration must also be given to students who are living away-from-home for study purposes. These students may be struggling to support a family, pay a mortgage and rent in order to improve their employment prospects and escape long term unemployment.

Recommendation 2: To extend rent assistance to mature age students, with special consideration given to those who must live away from home to undertake their studies.

Tax Deductions

The tax ruling (TR 98/9) introduced in 1998 concerning Study Related Expenses should be reviewed. Students in receipt of student income support (such as Austudy Payment, Youth Allowance, Abstudy and Pensioner Education Supplement) should be able to claim study related expenses as a deduction as they were previously eligible to do in the years 1993 - 1997.

¹ A Guide to Australian Government Payments, Australian Government Family Assistance Office (1 July – 19 September 2005)

² ACOSS (2003)

³ Centrelink (2004)

Recommendation 3: To review tax ruling (TR 98/9) to allow students to again claim for study related expenses as a deduction against Centrelink student payments.

Textbook Subsidy

A 10% textbook subsidy should be introduced in order to improve students' ability to access necessary course materials. The introduction of an additional payment at the commencement of each semester or the ability to access the Centrelink Advance Payment on a six monthly basis would greatly assist students with the initial costs of study each semester.

Recommendation 4: That a 10% textbook subsidy be introduced.

National Transport Subsidy

Not all state government and private transport companies are required to offer student discounts to tertiary students. As such a large number of students must pay full adult fares to access transport. Those students who are eligible for such a discount within their University city/state, often find themselves ineligible when travelling elsewhere to attend professional practicum or when returning home during semester break as no national system is available.

Recommendation 5: That a national transport subsidy be made available to students accessing public transport.

Access to Job Network Card

The Federal Government states payments such as Youth Allowance, Austudy and Abstudy were never intended to be the sole source of financial support for students and many students (up to 2/3rds of all JCU students) receive no income support at all. The inadequate level of income support available means more students are seeking paid employment to support their studies.

Despite being required to seek paid employment full time students are not eligible for a Job Network card. As a result students' access to government employment and some corporate employment agencies has been restricted. JCU Career Centre staff have reported that students have been advised that whilst they are excellent candidates for casual or vocational positions advertised, they can not be recommended to the employer without a Job Network card.

Recommendation 6: That the eligibility criteria for Commonwealth Job Network Cards be extended to full-time students.

Automatic issue of Health Care Card (HCC)

Students in receipt of Austudy Payment, Youth Allowance and Abstudy should receive automatic entitlement to a HCC as do pension recipients. Currently students are required to renew their HCC on a six monthly basis, with each renewal process taking up to 21 days. Access to Health Care Cards is particularly important as students are reported to have particularly poor health.

A local health service has advised that without access to a HCC, access to free medical treatment is severely restricted as medical services usually only bulk bill HCC holders. Health service staff have reported their student patients suffer significantly higher rates of infectious disease and illness. They believe this is as a result of poor basic health knowledge, poor nutrition and the physical and emotional stress associated with heavy workloads (paid employment and study). It

has been reported that students have also delayed medical treatment whilst awaiting the processing of HCC.

Recommendation 7: That students in receipt of Austudy Payment, Youth Allowance and Abstudy receive automatic entitlement to a Health Care Card for the duration of the academic year.

Biannual Advance Payments

Students experience high expense periods at the commencement of each academic semester. Students report an expected financial outlay of approximately \$500. Financial assistance via Centrelink's Advance Payment is currently only available once in a twelve month period

Recommendation 8: That students be provided access to the Advance Payment on a six monthly basis.

Conclusion

Tertiary education serves as a valuable protection from poverty and enables individuals to establish themselves within the modern workforce. Appropriate and adequate student income support is essential to ensure people are not excluded from accessing a tertiary education due to the impact of student poverty.

Recommendations

1. To bring the basic rate of Youth Allowance, Austudy and ABSTUDY in line with Newstart allowance in the short term and to the Pension level in the longer term.
2. That rent assistance be extended to mature age students, with special consideration given to those who must live away from home to undertake their studies.
3. That students be provided access to the Advance Payment on a six monthly basis.
4. That the tax ruling (TR 98/9) be reviewed to allow students to again claim for study related expenses as a deduction.
5. That a 10% textbook subsidy be introduced.
6. That a National Transport Subsidy be made available to tertiary students accessing public transport.
7. That the eligibility criteria for Commonwealth Job Network Cards be extended to full-time tertiary students.
8. That students in receipt of Austudy Payment, Youth Allowance and Abstudy receive automatic entitlement to a Health Care Card.

Sources

ACOSS, *Poverty, Policy and the Cost of Raising Teenagers*, ACOSS - Info 344 – March 2003

ANZSSA (2002) *Response from Australia and New Zealand Student Services Association (ANZSSA), Higher Education at the Crossroads – A Review of Australian Higher Education.*

Centrelink (2004) *A Guide to Australian Government Payments*, Australian Government Family Assistance Office (20 March – 30 June 2004)

The Age (2004) *Rising Fees add to Burden of being a Student*, The Age (Melbourne) April 29, 2004.

Senate Community Affairs References Committee (2004) *A hand up not a hand out: Renewing the fight against poverty.* Report on Poverty and Financial Hardship. Commonwealth of Australia, 2004.

Appendix A: CASE STUDIES

(All student statements are recorded verbatim.)

CASE STUDY ONE.

“I am studying nursing science at James Cook University. I started out paying everything fine. I come from Brisbane so I had to live on college, which was expensive but thanks to the supplement loan I was able to afford without working. Since the removal of the loan I have had to take a job washing dishes to help pay for accommodation time I could spend studying. My marks have been dropping since the loan was removed I am now worried about not only passing the course but also how on earth I am going to live. It is true that youth allowance does just cover the rent here but I need money to live to buy things like tooth paste and more importantly textbooks without which make it very difficult to study. My life has definitely hit a low point since the removal of the supplement loan, please bring it back.”

CASE STUDY TWO.

“I have had to return to studies to retrain because when I left school there was no Austudy or HECS and no opportunity for me to study. I became a single parent at 30 and spent my 30s in part time work. At 49 I graduated with a Bachelor App.Sc. in Health Education in Canberra and straight away moved to Cairns to be with my family. After looking for work for 2 years without success, I decided to return to study and hope to graduate in Social Work this year, which I’m told will guarantee me a job. This second degree has been a struggle. I have received 1 year of Austudy, I pay rent and have no other income or assets, which is why I need to work before I am too old. I also suffer from episodes of chronic pain and help look after my grandchildren.

I received some credit for my first degree, but the last 2 years are full time including 2 full time placements - 1 for 13 weeks and 1 for 16 weeks. Austudy, even when I have received it, is not enough to live on, so work time eats into study time. I’m not studying for any other reason than to become employed and have something for my old age as I am 55 now and have nothing. Studying is extremely stressful but the only other option for me is poverty for the rest of my life.

I see a huge difference between studying in my last degree (1994-1998) and this one. Austudy is less, HECS is more, rent assistance has been cut out, and staff has been cut also. It’s becoming DIY education but the cost is rising and quality is falling.

Study loads are so great that we only skim the surface of each subject and remain assessment focused rather than learning focused. Also students have lives- friends families, children and grandchildren who we want to spend time with not to mention time for ourselves. We are social beings not robots.”

CASE STUDY THREE

“I am a 23 year old, first year, full time student. I live in a sharehouse and receive NO monetary support from my parents. My youth allowance payment is \$318 a fortnight, which is the 'independent rate'. I get about \$18 more a fortnight than students who aren't considered independent.

And the criteria on which you are judged independent? You have to have earned more than \$15,000 in a previous year.

Students coming straight from high school to uni have no way to meet that criterion, even though they may be, in every way, independent from their parents. On top my \$318 I can make \$236 a fortnight from a part time job. Though I ideally I would like to only work on the holidays, and devote the semester to studying, there is absolutely no way I could live without my part time job. Basically, after tax, I take home \$250 a week. \$250 to pay rent and bills, buy text books, maintain my bomb of a car and eat. I have to live like a normal, independent person on \$250 a week! If I earn between \$236 - \$316 a fortnight, I am taxed 50 cents in the dollar, if I earn more than \$316, I am taxed 70 cents in the dollar. Your extra earnings are counted BEFORE tax, so basically, if I earn \$270, but only take home \$240 after tax; I still get money taken away from me. I can't get ahead! I have the choice of sacrificing study and class time to try and earn myself a decent living, which I do ALL the time, or living like a monk. I receive no rent assistance because I only pay \$50 a week in my shitty sharehouse. On top of living like a pauper for 4 years, at the end of it I'll have a great big HECS debt with which to start my new life. Is the government trying to scare/starve students out of studying? Are they trying to force us back into the work force so we can pay taxes like everyone else? That's what it seems like from where I'm sitting. An educated nation is a prosperous nation! Students are the future, we need investment!”