

## Preface

This report examines current measures for student income support, with particular reference to the adequacy of Youth Allowance, Austudy and ABSTUDY and their effect on students and their families. The committee is concerned that there has not been a Government-initiated review of the student income support system since 1992. Over the last decade the student income support system has operated in a policy vacuum. It is now showing the signs of this neglect. The Government's preoccupation with program efficiency over policy effectiveness and continuing problems with Centrelink's delivery of payments have taken their toll on students. The current level of income support does not come close to providing students with a decent living wage to cover the cost of accommodation, food, bills and transport. The level of income support has been falling steadily behind the rising cost of living. This has resulted in many students experiencing severe financial hardship and poverty.

There is a widely accepted view among the student population that their worsening financial situation reflects a 'user-pays' mind-set. Students are viewed as the beneficiaries of government subsidies who will gain financially from this investment through future earnings. Government cost-shifting has resulted in students bearing more of the cost of their education than ever before. The closure of certain financial assistance schemes and the Government's proposed voluntary student unionism legislation are clear examples of this trend. Students and their representative bodies have struggled to be heard and have their financial plight accepted as a serious public policy issue, but to no avail.

Raising awareness of student financial hardship is important, yet the committee believes that immediate steps could be taken to make the income support system more relevant to changing student profiles. In particular, the harshness of eligibility criteria relating to the age of independence, the parental income test threshold and the ineligibility of Austudy recipients for Rent Assistance needs addressing now. The committee finds that various anomalies and inconsistencies with the eligibility criteria penalise students who are most in need of financial assistance. Students from households with low to modest incomes, from regional and remote areas and indigenous students are often hardest hit by rules which appear to lack any clear policy rationale.

A major change in the profile of students over the past decade is the increasing proportion of students who need to supplement their income support payment with paid employment. The committee is concerned that students are being forced to work longer hours, often in low-paid or cash-in-hand jobs, as a direct result of inadequate income support. Reports of students resorting to product testing by unscrupulous companies and even turning to prostitution as a source of income raise serious moral, health and safety concerns. Working longer hours not only has a detrimental effect on students' academic results, it also has an economic effect because it delays course completion and entry of skilled young people into the workforce.

The committee has formed the view that the relationship between paid employment and study is one of the most important policy challenges facing the higher education sector. As a consequence, it recommends that the Government conduct regular surveys of student finances and work patterns, and examine the feasibility of a new comprehensive student income support payment which would provide financial assistance to students for the duration of their course.

The subcommittee formed to deal with the inquiry into student income support commends its report to the full committee.

Senator Trish Crossin  
Chair

Report formally adopted by the  
committee on 21 June 2005 for tabling