

Chapter 4

Effect of income support measures on students

The test of student income arrangements is whether they effectively reduce the need for students to work excessive hours and so avert the detrimental effect on academic performance of heavy work commitments prompted by economic necessity.¹

4.1 An important issue for the committee is the effect of current income support arrangements on students and their families. This chapter tackles the issue from two different angles. First, it examines an upward trend of full-time students working longer hours in part-time employment to financially support themselves, and the adverse effect on their study habits, academic progress and retention in higher education. Second, it examines the increasing cost of higher education and its effect on student finances. The financial strain on students is affected by the rising cost of higher education, livings costs and spiralling student debt. The cancellation of a number of loan schemes, emergency finance schemes and other subsidised financial assistance to students, among them the Student Financial Supplement and Educational Textbook Subsidy Schemes, has come at a time when many students are already experiencing severe financial hardship.

4.2 To these effects must be added those of the Government's voluntary student unionism legislation, which was introduced into the Parliament mid-way through the inquiry. The committee notes that students and university administrators raised concerns about the legislation in the context of students' worsening financial situation. It was argued that the support that university student organisations provide to students in the form of health, education, financial and other services will be severely eroded if the legislation is passed.

4.3 Students are finding it increasingly difficult to support themselves financially under current income support arrangements. The situation is compounded by the stringent eligibility criteria which have made it more difficult for students to participate in higher education, especially students from remote and regional areas. Supplementing income support payments with paid employment is no longer an added extra for many students. Part-time work has become a necessity for students just to make ends meet. They are working longer hours than before to the detriment of their studies and their overall experience of university. The committee believes the financial situation of many students under the policies of the Howard Government is grim, and that the evidence presented to the committee during the inquiry shows that it has deteriorated even further over the past few years.

1 Australian Vice-Chancellors' Committee, *Forward from the crossroads: pathways to effective and diverse Australian universities*, September 2002, p.47

Balancing work and study

4.4 An increasing proportion of students need to supplement their income with paid employment of one kind or another. The trend of students working longer hours in part-time or casual employment is demonstrated by the findings of academic studies and surveys. Professor Craig McInnis and the Australian Vice-Chancellors' Committee among others have provided evidence of how the profile of students has changed considerably over the past decade. More students balancing their studies with part-time work is the most consistent finding. McInnis has recently observed that anecdotal reports of students working more and studying less have been coming from academics in Australia with particular intensity and frustration in recent times.² The trend of increasing hours of part-time work is also mirrored in other education systems, especially the United States, the United Kingdom and France.

4.5 The committee notes a more fundamental shift in the relationship between students and universities: a higher level of student disengagement from university life as well as new forms of student engagement. McInnis has concluded that a large number of full-time enrolled students have become de facto part-time students: 'Leaving aside the growing impact of part-time work on their everyday commitment to their studies, students have in any case less need to spend time on campus in order to study, or to have access to teaching and learning resources'.³ The issue for universities is their role in defining the nature of the undergraduate experience and whether they can shape and control that experience.⁴

4.6 The trend of students working longer hours in part-time work has coincided with major changes in the needs and expectations of a generation of undergraduate students. Students today generally find it more difficult to motivate themselves to study and spend less time on tasks that would improve their learning. They rely on part-time work as the sole or main source of independent income, are less likely to study on weekends, and are more likely to borrow course materials from friends to meet deadlines or to catch up on classes missed. There is also evidence that students do not view being on campus or in tutorials as critical to the quality of the experience of university or vital to their academic success.⁵

2 Craig McInnis, 'Signs of Disengagement: Responding to the Changing Work and Study Patterns of Full-Time Undergraduates in Australian Universities', in Jurgen Enders and Oliver Fulton (eds), *Higher Education in a Globalising World: International Trends and Mutual Observations*, Kluwer Academic Publishers, Dordrecht, 2002, p.175

3 *ibid.*, p.179

4 *ibid.*

5 Craig McInnis, *New Realities of the Student Experience: How Should Universities Respond?*, Paper presented to the Financial Review Higher Education Summit, Sydney, 2003, pp.2-3

Summary of the evidence

4.7 Evidence before the committee showed overwhelmingly that tightening of eligibility criteria for income support payments in the late 1990s and erosion of the maximum level of income support relative to the official poverty line have resulted in more students in part-time employment to pay for the cost of their study.⁶ This is borne out by a number of studies and reports which have examined the patterns of employment by full-time students.

4.8 An analysis of trends in the perceptions and behaviours of first year undergraduate students by academics from the Centre for the Study of Higher Education, University of Melbourne, charted the major patterns of stability and change in the experiences and expectations of first year students over the previous decade.⁷ The report found that the proportion of students engaged in part-time and casual employment and the number of students who rely on paid work as a source of income changed considerably between 1994 and 2000. Over this period, there was a nine per cent increase in the proportion of full-time students who work part-time and a 14 per cent increase in the mean number of hours they work. There was also a significant increase in the number of first year students who reported part-time or casual employment as their main source of income.⁸

4.9 The latest report from the Centre for the Study of Higher Education, published in January 2005, builds on these earlier figures by providing information on the changes over a ten year period in the attitudes and experiences of first year students. The authors found that over the decade from 1994 to 2004 full-time students were spending progressively fewer days on average on campus and reduced hours in class in each week (17.6 hours per week in 1994 compared with 15.9 hours per week in 2004). This trend is accompanied by a significant rise in the proportion of full-time students in paid employment (47 per cent in 1994 compared with 55 per cent in 2004).⁹

4.10 The findings of the 2000 and 2005 studies are consistent with the results of a major survey of undergraduate university student finances conducted by the Australian Vice-Chancellors' Committee (AVCC) in 2000, and published in October 2001 under the title *Paying Their Way*.¹⁰ The report's main findings were that more students are employed, they are employed for more hours and their employment is

6 Students' Association of Flinders University, *Submission 83*, p.10

7 Craig McInnis, Richard James and Robyn Hartley, *Trends in the First Year Experience in Australian Universities*, Department of Education, Training and Youth Affairs, July 2000

8 *ibid.*, p.38

9 Kerr-Lee Krause, Robyn Hartley, Richard James and Craig McInnis, *The First Year Experience in Australian Universities: Findings From a Decade of National Studies*, Department of Education, Science and Training, January 2005, p.v

10 Michael Long and Martin Hayden, *Paying Their Way: A Survey of Australian Undergraduate University Student Finances, 2000*, Australian Vice-Chancellors' Committee, October 2001

more distributed throughout the year. It drew attention to the danger that the increase in paid employment of university students has interfered with their study.¹¹

4.11 Although the figures in the AVCC's report are now somewhat dated, they provide the most complete picture of the extent to which students need to work to survive. The survey found a significant increase in both the number of students in employment and the average number of hours of work compared with the findings of a comparable survey published in 1984. Significantly, the incidence of paid work during semester had increased by around 50 per cent, with 72.5 per cent of all full-time students in employment during semester. The survey also found that the average number of hours worked each week had increased from five hours a week in 1984 to 14.5 hours in 2000. The figures showed conclusively that not only are more students in employment during semester, they are also working longer hours – nearly three times the number of hours worked each week compared with full-time undergraduate students in 1984. The report's executive summary concluded:

Between 1984 and 2000 the combination of the increase in the incidence of paid employment and the increase in the average hours of work for those in paid employment has resulted in a more than four-fold increase for full-time students in the 'burden' of paid employment.¹²

4.12 Recent evidence from the University of Canberra suggests that there is a steady increase in the number of hours in which students are in part-time work. The Vice-Chancellor, Professor Roger Dean, told the committee that full-time students at the University of Canberra work an average 20.9 hours each week, which is a significant increase on the national figure of 14.5 hours reported in *Paying Their Way*.¹³ The figures reported by Professor Dean are based on the findings of a survey of the effect of paid work on the academic performance of students at the University of Canberra. The survey's authors, Craig Applegate and Anne Daly, found that the average student spent 12.7 hours per week in class contact, 11.5 hours per week in extra-curricular activities outside direct class contact hours and a staggering 20.9 hours in paid employment. They noted that 95 per cent of respondents who worked said the primary motivation for working was to earn income, with employment accounting for approximately 60 per cent of their total income.¹⁴

4.13 The committee has reason to believe that the University of Canberra survey findings represent a broader trend in student employment across all university campuses. The results of an undergraduate student welfare survey conducted in January 2005 by Sydney University's Students' Representative Council confirm that

11 *ibid.*, p.87

12 *ibid.*, p.13

13 Professor Roger Deane, University of Canberra, *Committee Hansard*, 13 May 2005, p.3

14 Craig Applegate and Anne Daly, *The Impact of Paid Work on the Academic Performance of Students: a Case Study from the University of Canberra*, Discussion Paper, Centre for Labour Market Research, 2005, p.10

significant numbers of students are working between 15 and 20 hours each week. The survey of 1057 students at the University of Sydney found that 85 per cent of respondents said they were in paid employment, of which 62 per cent worked regularly during semester.¹⁵ The most common number of hours worked fell within the range of 10 to 15 hours per week, the equivalent of two day shifts or 3 casual night shifts. The survey also found that at least 68 per cent of students with regular or irregular work during semester were working more than 9 hours each week, rising to 40 per cent of students who were working more than 14 hours each week during semester.¹⁶

Recommendation 12

The committee recommends that the Government, in consultation with the Australian Vice-Chancellors' Committee and student organisations, undertake regular five-year surveys of student finances and work patterns as per the AVCC's *Paying Their Way* report (2001). These surveys must include a review of all ancillary fees.

Government senators do not agree with this recommendation.

Effect of work on academic performance

4.14 The rising level of interest in the financial conditions of undergraduate students in Australia and overseas has been prompted by concern about the declining academic performance of students.¹⁷ The 2000 report by McInnis, James and Hartley made a number of preliminary findings in relation to the effect of work on academic performance. The report findings suggested a trend of less attachment and commitment to a range of aspects of university life and academic work on the part of those who work long hours in paid employment. It also found a slight but noteworthy decline in motivation to study. The authors concluded that these trends require closer investigation.¹⁸

4.15 The study by McInnis and Hartley in 2002 researched this topic in detail. A substantial number of respondents reported financial concerns and stress from studying and working. The study found that 40 per cent acknowledged that paid work is disruptive of academic studies, and 34 per cent said that worrying about money

15 Students' Representative Council, University of Sydney, *Submission 121A*, p.1

16 *ibid.*, p.2

17 Craig McInnis, 'Signs of Disengagement: Responding to the Changing Work and Study Patterns of Full-Time Undergraduates in Australian Universities', *op.cit.*, p.175

18 Craig McInnis, Richard James and Robyn Hartley, *Trends in the First Year Experience in Australian Universities*, Department of Education, Training and Youth Affairs, July 2000, p.xi

made it difficult to concentrate on their studies.¹⁹ The issue was also examined in the AVCC's *Paying Their Way* report, the findings of which mirrored those by McInnis and Hartley. While the report cautioned that the interpretation of data on the impact of work on study is complex, the hours a student works during the semester clearly has a major influence on the student's academic work: '...the more hours of work, the greater the adverse effect on study'.²⁰

4.16 The report found that three out of every 20 undergraduate students in Australian universities, or some 71,000 students, reported that their studies are affected 'a great deal' by their employment during semester. In addition, 43.5 per cent or 220,000 students reported that study is adversely affected 'somewhat' because of their hours of work. Also revealing is that seven per cent of students 'frequently' missed classes. The Sydney University' Students' Representative Council survey of January 2005 found that 61 per cent of respondents indicated that work adversely affected their study.²¹

4.17 The University of Canberra survey by Applegate and Daly produced some mixed findings on the effect of hours of paid employment on academic performance. They found that the effect of work varies with the number of hours involved:

Working up to about eleven hours per week improves marks marginally...However, the beneficial effects of paid employment appear to decline after 11 hours of work and the effect is estimated to become negative after 22 hours of paid employment.²²

4.18 The survey concluded that some paid employment improves academic performance, perhaps by encouraging good time-management skills. More than 11 hours of part-time work, however, was found to have had a small but negative effect on average marks. Working more than 20 hours each week had a substantial negative effect on students' academic performance.

4.19 The committee received anecdotal evidence that the increasing pressure on students to undertake work in order to survive is having a detrimental effect on their studies. Students in part-time work would once be required to work in the evenings, on weekends and during non-teaching periods. The situation today is very different. Students take jobs during normal business hours on week days and at times which

19 Craig McInnis and Robyn Hartley, *Managing Study and Work: the Impact of Full-Time Study and Paid Work on the Undergraduate Experience in Australian Universities*, Department of Education, Science and Training, 2002, p. xi

20 Michael Long and Martin Hayden, *Paying Their Way: A Survey of Australian Undergraduate University Student Finances, 2000*, Australian Vice-Chancellors' Committee, October 2001, p.87

21 Students' Representative Council, University of Sydney, *Submission 121A*, p.2

22 Craig Applegate and Anne Daly, *The Impact of Paid Work on the Academic Performance of Students: a Case Study from the University of Canberra*, Discussion Paper, Centre for Labour Market Research, 2005, p.13

compete directly with the normal scheduling of classes.²³ The National Union of Students (NUS) told the committee that students who work 15 or 20 hours each week engage only in 'shallow learning' in order to receive their degree, rather than in wider academic pursuits. The NUS submission concluded that excessive hours of work:

...is a significant disruption to their education as well as their personal well being. As well as limiting students' ability to reap the full benefit from the courses they are undertaking, students being forced to work long hours in order to support themselves negatively impacts on the broader gains that higher education brings to our culture.²⁴

4.20 The committee is concerned by another effect of employment. Students are taking longer to complete their courses as a result of working longer hours. This delays their entry into the workforce, sometime by several years. There was anecdotal evidence from the University of Adelaide that students across all faculties are requesting extensions to submission deadlines and other special considerations more frequently than in the past as a result of financial pressures and the need to maintain outside employment.²⁵

4.21 There has also been a significant change in the way students approach their studies. According to the Student Financial Advisers Network, there is a trend for students working long hours to commit only the minimum amount of time and effort to their studies:

We see a lot of students skipping classes. Any lecturer will tell you that attendance at lectures is down. Students are now relying on downloading lecture notes from the internet and reading them at home. Students are targeting those areas they think will give them the most benefit. They are only studying those areas that are likely to appear on exams and they are concentrating on assessment task.²⁶

4.22 This assessment is consistent with the conclusion reached by McInnis, that first year students who work long hours in part-time work are less likely to work with other students completing the same courses, and more likely to have studied inconsistently through the semester. These students also tend to anticipate getting lower marks, and are more likely to seriously consider deferring at an early point during their course.²⁷

23 Professor Anne Edwards, Flinders University, *Committee Hansard*, 28 April 2005, p.3

24 National Union of Students, *Submission 89*, p.45

25 Professor Charles Bodman-Rae, University of Adelaide, *Committee Hansard*, 28 April 2005, p.58

26 Mr Roger Deutscher, Student Financial Advisers Network, *Committee Hansard*, 26 April 2005, p.9

27 Craig McInnis, 'Signs of Disengagement: Responding to the Changing Work and Study Patterns of Full-Time Undergraduates in Australian Universities', op.cit, p.179

4.23 Students are spending less time on campus, partly as a result of employment, which means they are missing out on the experience of university life. While surveys by McInnis and Hartley found that university is only a small part of students' lives and that students only spend the hours they have to on campus, the on-campus experience of full-time enrolled working students suffers as a result: 'Many [students] have little sense of the richness that a campus-based experience can offer... The rational decision they make to get through a course while working sometimes excessive hours means losing opportunities for close engagement with the learning process'.²⁸ The conclusion is supported by the observations of a number of student associations:

I think the majority of students want [the holistic experience], but they are unable to take it up because they are spending their time working rather than being at university studying and getting involved in all the extracurricular activities, challenging ideas, and the whole purpose for which universities are there.²⁹

...students felt that they had 'missed out on a whole segment of university life' by having to rush to work from lectures and tutorials. Essentially, students felt unable to become involved in university life... Students thrive on diversity; however the escalating need to work longer hours while maintaining study commitments is impinging upon this freedom.³⁰

4.24 While most of the evidence related to the effect of employment on academic performance, the committee is concerned by evidence that balancing work and study commitments effects students' quality of life and health. A survey of university students in inner city and metropolitan Melbourne in 2001-02 by Professor Judith Bessant, confirmed anecdotal and media reports that students were putting not only their studies but also their health at risk by working long hours. Students who took part in the survey by Bessant commented on always feeling tired in their attempts to combine work and study, lacking sleep, finding it hard to concentrate, feeling rushed and having no time to relax with family and friends.³¹

The nature of part-time work

4.25 While part-time work is now an economic necessity for many students, it is rare for undergraduate students to be able to find employment opportunities related to their area of study. According to the University of South Australia, this situation creates a '...disjunction between study and the rest of the student's life, and works

28 Craig McInnis and Robyn Hartley, *Managing Study and Work: the Impact of Full-Time Study and Paid Work on the Undergraduate Experience in Australian Universities*, Department of Education, Science and Training, 2002, p.xii

29 Mr David Pearson, Students' Association of the University of Adelaide, *Committee Hansard*, 28 April 2005, p.29

30 University of South Australia Students' Association, *Submission 71*, p.7

31 Judith Bessant, 'The Problem of Poverty Amongst Tertiary Students: Why It is Missing from the Policy Agenda', *Melbourne Studies in Education*, vol.44, no.2, 2003, p.72

against providing students with work-related learning experiences'.³² The committee heard numerous accounts of students being compelled to work in low-paid jobs, with many increasingly resorting to the so-called black economy, or cash in hand jobs, as their main source of income.³³ The hospitality and retail sectors are often associated with this form of work. While there is little data or information on the unregulated work that students undertake, the survey by McInnis and Hartley found that 15 per cent of respondents said that the work they do is 'cash in hand'. It appears that the main reason why students engage in unregulated work is the low personal income test threshold on earnings before the Youth Allowance is effected. As Dr Dobson told the committee: 'It is only natural that somebody is going to want to preserve their hard-won youth allowance, especially those students who have gained it because they have become independent'.³⁴ The President of the Students' Association of the University of Adelaide, Mr David Pearson, maintained that students do underhand cash work because '...it is cheap, it is easy, it is off the books and so you do not have to deal with the headaches of dealing with Centrelink'.³⁵

4.26 There was also evidence that students are resorting to product testing as a source of quick and easy cash, mostly in the form medical tests for drugs, cigarettes, sleep deprivation and other products.³⁶ The committee was told that students on campus are increasingly vulnerable to the predatory practices of companies which aggressively market their products and services and exploit financially vulnerable students. The Australian National University Students' Association told the committee that flyers are frequently circulated around the ANU campus which advertise sleep deprivation and dietary products:

There are all sorts of weird and wonderful advertisements for medically related experiments for students to make a quick buck, for cash in hand—it is made quite obvious. They are all over the campus and I am sure they are all over the campuses all over the country. We have to ask ourselves what the purpose of higher education is and in what kind of conditions we want students to be undertaking their higher education, if this is what it is coming to for students to make money to support themselves.³⁷

4.27 The committee is concerned about reports of students pursuing unlawful avenues of employment to earn enough money to complete their course. There have

32 University of South Australia, *Submission 113*, p.4

33 Mr Graham Hastings, National Union of Students, *Committee Hansard*, 26 April 2005, p.23

34 Dr Ian Dobson, *Committee Hansard*, 26 April 2005, p.15

35 Mr David Pearson, Students' Association of the University of Adelaide, *Committee Hansard*, 28 April 2005, p.23

36 *ibid.*, p.28

37 Mr Max Jeganathan, Australian National University Students' Association, *Committee Hansard*, 13 May 2005, p.18

even been reports of students turning to prostitution as a way of supplementing their income, an issue which raises serious moral, health and safety concerns.³⁸

Discussion

4.28 The committee finds that students are working unacceptably long hours in part-time employment to the extent that many students enrolled in full-time courses are beginning to closely resemble part-time students in their study habits, the level of their interaction with other students and teaching staff and their paid work activities. The latest empirical research, which is backed by a large amount of anecdotal evidence, shows a consistent increase in the number of hours students work each week and a corresponding decline in the level of student engagement with studies and other on-campus activities. The committee is concerned that if this trend is not reversed, it will only be a matter of time before a combined weekly total of 60 hours of study and work is the norm for all full-time students. The committee believes this situation is unacceptable, placing enormous pressures on students and their families. Working more than 11 hours a week is known to have a detrimental effect on academic achievement and the overall quality of the student experience at university. Students are less able than before to engage in the full range of university activities, of which the need to work longer hours is arguably the most important reason.

4.29 This situation creates a major policy challenge for university administrators. They are required to provide flexible arrangements for delivering courses to enable people to work. The RMIT Student Union submission noted that the social shift taking place in universities has resulted in a core change to the development and delivery of post-secondary education: 'Curriculum developers and academic teaching staff are increasingly having to consider students' financial situations in the development and administration of their courses'.³⁹ As one vice-chancellor told the committee: 'It is not a minority that you have to accommodate; it is the majority'.⁴⁰ The committee believes strongly that the Government has a responsibility to provide students with adequate financial support to enable them to engage properly with their studies and with the life of the university more generally. The committee believes further that the Government and university administrators have a joint responsibility to manage the new realities of student financial hardship and student disengagement.

4.30 Discussion of the effect of paid employment on the academic performance of students feeds directly into, and reinforces, one of the committee's earlier findings – that the current level of income support for students is grossly inadequate, having fallen between 30 and 50 per cent below the official poverty line. Consideration should be given to providing a level of financial support to encourage students to study full-time and complete courses within the required time without the need to

38 *ibid.*

39 RMIT Student Union, *Submission 78*, p.13

40 Professor Anne Edwards, Flinders University, *Committee Hansard*, 28 April 2005, p.2

work 15 or 20 hours each week. The committee notes the view of Professor Anne Edwards that while the philosophy of income support should not deter people from entering the workforce, full-time students should receive sufficient financial support to enable them not to have work at all:

The incentive ought to be to try and ensure that the levels of income support are sufficient to ensure that students do not take such a lot of part-time work that they delay the process by which they can complete their studies. The best incentive would be to provide sufficient money to allow most students who are on income support not to have to work at all. They could then study full time and get out in three years or four years, rather than dragging their studies out over five years.⁴¹

4.31 The committee does not take issue with students who decide to work part-time as a way of supplementing their income support payment. The important issue is not whether students as a matter of principle should be working while studying, but the imbalance created by students working excessive hours each week just to survive. Student bodies told the committee that students are not opposed to work as they do not expect to be completely self-sufficient, or to 'live like kings' as one student representative put it.⁴² However, financial support is necessary to prevent students jeopardising their studies and being forced to give priority to employment. The committee accepts that students who find the right balance of work and study can reap social and economic benefits and acquire the skills to meet the demands of entering the workforce upon the completion of study. There is no denying that employers increasingly expect that graduates can provide evidence of consistent paid work experience.⁴³

Recommendation 13

The committee recommends that the Department of Education, Science and Training undertake an analysis of the costs and benefits associated with a comprehensive student income support payment which is separate from the existing Youth Allowance and which provides financial assistance to students for the duration of their course.

Government senators do not agree with this recommendation.

41 *ibid.*, p.9

42 Mr Max Jeganathan, Australian National University Students' Association, *Committee Hansard*, 13 May 2005, p.13

43 Craig McInnis and Robyn Hartley, *Managing Study and Work: the Impact of Full-Time Study and Paid Work on the Undergraduate Experience in Australian Universities*, Department of Education, Science and Training, 2002, p.xi

Concluding comment

4.32 The evidence to this inquiry overwhelmingly supports the view that providing appropriate financial incentives for students to reduce their hours in employment should be government policy. The committee agrees with the AVCC's recommendation to the Government's review of higher education, that the Government should restructure the student income support system to reduce the need for students to work excessive hours.⁴⁴ The committee urges the Government to take immediate steps to address the AVCC's concerns. The committee believes that reducing student's reliance on employment will have positive effects on academic performance and student engagement with university life. It will also have an economic benefit resulting from students completing their course on time and entering the workforce more quickly than at present.

Cost of higher education

4.33 Australian has one of the least affordable higher education systems in the world. A recent Educational Policy Institute study of the relative affordability and accessibility of university education in a number of OECD countries ranked Australia as one of the highest fee-charging countries in the world, along with Japan, Chile, New Zealand, the United Kingdom and the United States.⁴⁵

4.34 Not only is university becoming less affordable, the level of investment in higher education by the Commonwealth Government has been declining for some time. The Students' Association of the University of Adelaide submission estimated that the real value of university operating funds allocated by the Commonwealth Government has decreased to such an extent it has resulted in universities losing 20 hours of tutorial assistance per student and 10 hours of lecture time per student each year, as well as a teacher/student ratio of one in one hundred.⁴⁶

4.35 The committee received overwhelming evidence that many aspiring students are being priced out of the higher education market, which is compromising the principle that merit should underpin university entrance. The trend which the committee examined in previous sections – of a decline in student participation in campus activities and of a higher proportion of students working longer hours – is a natural extension of a 'user-pays' education policy which has increased the financial burden on individual students. Students are increasingly bearing the brunt of a decline in public funding for education and a more restrictive social security system.⁴⁷

44 Australian Vice-Chancellors' Committee, *Forward from the crossroads: pathways to effective and diverse Australian universities*, September 2002, pp.45-47

45 Educational Policy Institute, *Global Higher Education Rankings: Affordability and Accessibility in Comparative Perspective*, 2005

46 Students' Association of the University of Adelaide, *Submission 75*, p.13

47 RMIT Student Union, *Submission 78*, p.4

4.36 The introduction of differential HECS payments has roughly doubled the cost incurred by students and the further deregulation of HECS means that many students pay an extra 25 per cent of the cost of their education. The introduction of loan schemes such as PELS and FEE-HELP has allowed some universities to significantly increase their postgraduate coursework fees. According to the NUS, this has resulted in students now funding over 40 per cent of the running costs of universities.⁴⁸

Closure of the Student Financial Supplement Scheme

4.37 The Student Financial Supplement Scheme (SFSS), which ran from 1993 until 1 January 2004, was widely known in its early years as the Austudy/ABSTUDY supplement. However, after the program moved to the Department of Family and Community Services it was renamed the SFSS. Under the scheme, category one loans of up to \$7000 per annum were made available to Youth Allowance, Pension Education Supplement, Austudy and ABSTUDY recipients. Students were required to trade in one dollar of their income entitlement for every two dollars of loan received. The maximum net gain to a student's income was \$3500, or \$135 per fortnight. Other students could qualify for a category two loan of up to \$2000 if they were dependent and not eligible for income support due to the parental income or family actual means test.⁴⁹ Administered through the Commonwealth Bank, payments did not commence for up to five years from the time the loan was taken out, after which it was collected through a HECS-style arrangement, the threshold for which in 2003 was \$34,494.⁵⁰

4.38 The SFSS was accessed by up to 60,000 students at a cost of approximately \$2.5 billion, with most loans being provided between 1995 and 1999.⁵¹ Data provided by the Government in 2003 indicated that the major groups in receipt of loans under the scheme were low income earners (single parents, disabled and indigenous students) who could no longer reasonably ask to be supplemented by their parents or who faced other constraints in the labour market. It became clear that the SFSS was being accessed by the most financially vulnerable members of the student body without which they would not be able to complete their studies.⁵² The NUS told the committee that poor students who were accessing the scheme were receiving high private returns from the education system, notwithstanding that nearly 55 per cent of loans were not being repaid.⁵³ The scheme, however, was widely considered to be a regressive debt trap with an average loan amount of \$20,000, occasionally rising to \$60,000.⁵⁴

48 National Union of Students, *Submission 89*, p.26

49 *ibid.*, p.47

50 National Tertiary Education Union, *Submission 129*, p.15

51 Australasian Campus Union Managers Association, *Submission 95*, p.12

52 National Union of Students, *Submission 89*, p.48

53 Mr Graham Hastings, National Union of Students, *Committee Hansard*, 26 April 2005, p.22

54 Australasian Campus Union Managers Association, *Submission 95*, p.12

4.39 Most submissions were critical of the way the scheme was structured and implemented. The NUS argued that the absence of any sunset provision was a major weakness because students who had arranged their lives around access to the SFSS were 'left high and dry' half way through their degree.⁵⁵ While the scheme's many faults were highlighted in the written submissions, there was ambivalence among student bodies towards the closure of the scheme without any warning being given to affected students and without parliamentary approval.⁵⁶ There was broad agreement that abolishing the SFSS without a replacement loan scheme or an increase in the level of income support would place many students under severe financial stress and in a situation of having to withdraw from university.⁵⁷ There was concern that students would resort to taking out commercial loans with higher interest rates or more hours in part-time work.⁵⁸

4.40 The National Indigenous Postgraduate Association Aboriginal Corporation argued that the scheme should not have been closed without the introduction of an interest-free alternative. The sudden closure of the scheme left many of the 4000 indigenous students, or over 15 per cent of SFSS recipients who had accessed loans, in a difficult financial situation.⁵⁹ Other submissions supported the idea of an income contingent loan scheme that would not involve students having to trade off part of their income support payment, or making available to eligible students a one-off compensation payment to enable students to complete their studies.⁶⁰ According to the Australian Council of Social Service, a one-off payment would go some way towards relieving the financial pressure from any unanticipated reduction in the level of assistance.⁶¹

4.41 Other submissions cautioned against either reinstating or replacing the SFSS with a new loan scheme because of a concern that loan schemes by their very nature contribute to rising student indebtedness. The University of South Australia Students' Association expressed the view that some students have unrealistic expectations of graduate salaries, underestimate the time it will take to repay a substantial debt, and do not consider that their personal life choices may be limited after completing study as their personal debt grows. It argued that students would not need to take out personal loans to cover daily living expenses if they received an adequate level of income support.⁶² The University of South Australia agreed with this position, advising that it had closed its student loan scheme because of the increasing number of unpaid loans,

55 National union of Students, *Submission 89*, p.52

56 Australian Council of Social Service, *Submission 24*, p.34

57 Flinders University, *Submission 21*, p.3

58 RMIT Student Union, *Submission 78*, p.29

59 National Indigenous Postgraduate Association Aboriginal Corporation, *Submission 98*, p.30

60 National union of Students, *Submission 89*, p.53

61 Australian Council of Social Service, *Submission 24*, p.34

62 University of South Australia Students' Association, *Submission 71*, p.8

and also because of a belief that students should not have to accumulate debt in addition to their HECS debt if adequate financial support arrangements are in place.⁶³

Recommendation 14

The committee recommends that the Department of Education, Science and Training examine a new income contingent loan scheme to replace the Student Financial Supplement Scheme.

Government senators do not agree with this recommendation.

The Democrats acknowledge the benefits provided to students through the Student Financial Supplement Scheme, but believe it is not an appropriate model for further consideration.

Closure of the Educational Textbook Subsidy Scheme

4.42 Textbooks are an essential and often prohibitively expensive item for any academic study which can impose a large financial burden on students.⁶⁴ The price of university textbooks can range from \$80 to \$500 for law or medicine.⁶⁵ The AVCC's *Paying Their Way* report noted that textbooks are about a quarter of students' course costs, which probably explains why a significant number of survey respondents conveyed 'despair and venom' at the cost of textbooks.⁶⁶ The Educational Textbook Subsidy Scheme (ETSS) was introduced specifically to mitigate the effect of the Goods and Services Tax (GST). The GST on books was viewed by many as a tax on knowledge which would price some students out of an education. The purpose of the ETSS was to give students an 8 per cent subsidy by compensating bookshops for the GST payable on textbooks. It is estimated that the scheme provided welcome relief in the order of \$6.40 to \$40 per book: 'For people living below the poverty line, these small amounts of relief are vital'.⁶⁷ What was not clear at the time, however, was that the Government, in agreeing to establish the ETSS to secure passage of its GST legislation, did not commit any additional funds for the scheme beyond 2004. Submissions from student associations expressed concern that closure of the scheme, which took effect on 30 June 2004 mid-way during the inquiry, would exacerbate the financial problems of students by making it harder for them to purchase essential study material.

63 University of South Australia, *Submission 113*, p.4

64 Flinders Postgraduate Students' Association, *Submission 92*, p.5

65 Australasian Campus Union Managers Association, *Submission 95*, p.11

66 Michael Long and Martin Hayden, *Paying Their Way: A Survey of Australian Undergraduate University Student Finances, 2000*, Australian Vice-Chancellors' Committee, October 2001, p.30

67 Australasian Campus Union Managers Association, *Submission 95*, p.11

4.43 The committee tried to assess the impact of the scheme's closure on student finances. Anecdotal evidence from students associations suggested that the scheme's closure has been significantly felt by students at universities across the country.⁶⁸ The added cost of textbooks is being felt by students particularly at the beginning of every semester when financial demands placed upon them often reach their peak.⁶⁹ The Australian National University Students' Association told the committee that the abolition of the ETTS was a major issue for students:

Obviously the abolition of that scheme without any proportionate compensation...severely affected students. All the evidence I have is anecdotal...but I did talk to several students after it was abolished last year. I went and hung around the bookshop at the beginning of the next semester and the next term when people were buying textbooks and there was a marked increase.⁷⁰

I was living on campus last year when the scheme was abolished. Before the abolition of the scheme, a number of students around my hall were in quite a fluster and were racing down to the Co-op Bookshop to make sure they bought their texts before the next semester. So they were definitely very aware of the increased costs relating to textbooks, and that resulted in their buying textbooks before they were even confirmed as the texts for the subjects they were taking.⁷¹

4.44 The Flinders Postgraduate Students' Association submission noted that between 2002 and 2004, the association had distributed \$10,000 per annum to postgraduate coursework students suffering financial hardship. In 2003, the majority of grants awarded were apparently used to purchase essential textbooks.⁷² Similarly, the University of South Australia Students' Association found from its student surveys that the purchase of textbooks was the single most burdensome cost borne by students: 'All students admitted to difficulties buying compulsory textbooks and all students agreed that the abolition of the...ETTS would decrease their chances of being able to do so in the future'.⁷³

4.45 The committee finds that closure of the ETTS is having a detrimental effect on students. By closing the scheme, the Government has passed more of the essential costs of higher education on to students. Reports that students view the purchase of

68 Ms Naomi Vaughan, Students' Association of the University of Adelaide, *Committee Hansard*, 28 April 2005, p.18

69 Ms Jacqui Forte, Students' Association of Flinders University, *Committee Hansard*, 28 April 2005, p.19

70 Mr Max Jeganathan, Australian National University Students' Association, *Committee Hansard*, 13 May 2005, p.14

71 Ms Rachel Allen, Australian National University Students' Association, *Committee Hansard*, 13 May 2005, p.15

72 Flinders Postgraduate Students' Association, *Submission 92*, p.5

73 University of South Australia Students' Association, *Submission 71*, p.5

textbooks as a waste of money and only purchase books which can be used for an entire course or those with resale value, are of particular concern: 'As a result, the majority of students reported completing only the required readings, rarely being afforded the luxury of purchasing "extra" readings to bolster their learning'.⁷⁴ The committee is concerned by reports that some students at the Australian National University, and probably at other universities, are using emergency loans to purchase textbooks instead of using the money to pay for rent, food and transport.⁷⁵

Recommendation 15

The committee recommends that the Department of Education, Science and Training undertake an analysis of the costs and benefits associated with restoring the Educational Textbook Subsidy Scheme.

Student services and VSU legislation

4.46 The committee heard evidence at each of the public hearings that the financial strain placed on students following closure of the Student Financial Supplement and Educational Textbook Subsidy schemes, especially for those who do not receive any income support, will be magnified by the Government's intention to push ahead with voluntary student unionism (VSU) legislation.⁷⁶ Although the VSU legislation and its likely impact on the provision of student services are the subject of an inquiry by the Senate's Employment, Workplace Relations and Education Legislation Committee, the committee believes that the concerns raised in evidence during this inquiry are relevant to its terms of reference. At the very least, the range of services which student unions currently provide can be seen as an important supplement to the inadequate income support provisions which the government provides. Any reduction in the level of these services will create more financial hardship for students. The committee is concerned by the unintended consequences of the bill which have not have been addressed by the Government. One example relates to the food services provided by student unions at a number of universities, including Monash, RMIT and La Trobe, for students who cannot afford to eat properly. The RMIT student Union told the committee that these food services will be directly affected by the VSU legislation, which may have major health implications for financially struggling students.⁷⁷

4.47 The situation facing many student-based organisations was captured in evidence at a public hearing by the Australasian Campus Union Managers Association (ACUMA):

74 *ibid.*, pp.5-6

75 Mr Max Jeganathan, Australian National University Students' Association, *Committee Hansard*, 13 May 2005, p.15

76 The Higher Education Support Amendment (Abolition of Compulsory Up-front Student Fees) Bill 2005 was introduced in the House of Representatives on 16 March 2005.

77 Mr Mark Pendleton, RMIT Student Union, *Committee Hansard*, 26 April 2005, p.64

There is \$170 million collected from students for services on campus, and many of those services are provided by the university, not by the student organisation. The issue that the government has with a small proportion of that money needs to be handled in a way that is consistent with the issues that the government has...[T]he unintended consequences of this legislation are going to have a fairly major impact on the services that we can provide students.⁷⁸

4.48 ACUMA told the committee that it was reassessing the financial effect of VSU legislation on the services provided on campuses across Australia, including subsidies to child-care centres, dental and legal aid services, and assistance with accommodation. This process will include a national survey to assess the impact of the VSU legislation. ACUMA described the support mechanisms which student-based organisations provide as 'part of the hidden glue that keeps universities working', a view echoed by the Students' Association of the University of Adelaide: 'the erosion of support for students will eat away at the intellectual landscape of what we are struggling to call a "clever country"'.⁷⁹

4.49 Witnesses raised other concerns with the proposed VSU legislation. It was argued that the legislation in its current form will have a major impact on the services which financially struggling students receive on campus, especially students on low incomes, from rural and regional areas and international students. The NUS argued that many emergency loan and finance schemes, as well as the on-campus welfare, counselling and financial assistance services, will probably be abolished if the legislation is passed: '...under VSU a lot of the emergency schemes which students currently rely on due to the inadequacy of student income support would be lost. This is an issue that really does need to be taken seriously...because it is going to get worse'.⁸⁰

4.50 The NUS also emphasised that not only do student organisations provide a range of services which would otherwise be unavailable to students, they also fulfil a valuable welfare role by being a direct reporting mechanism to university administrators on welfare or occupational health and safety issues:

Student organisations provide a direct reporting mechanism so that students can come into a student organisation, give anonymous evidence to advocates or student representatives and have an issue reported to the university promptly and through official channels. That is the way it should be, that is the way we would like it to stay and that is part of the way that Australian universities maintain quality of teaching and learning.⁸¹

78 Mr Trevor White, Australasian Campus Union Managers Association, *Committee Hansard*, 26 April 2005, p.36

79 Mr David Pearson, Students' Association of the University of Adelaide, *Committee Hansard*, 28 April 2005, p.13

80 Ms Katana Smith, NUS, *Committee Hansard*, 26 April 2005, p.21

81 Mr Felix Eldridge, NUS, *Committee Hansard*, 26 April 2005, p.27

4.51 The committee notes that the financial pressures which are likely to result from the VSU legislation will have an adverse effect on academic performance and the ability of students to complete courses. The Deakin University Student Association told the committee that RMIT and Melbourne universities had surveyed the relationship between the networking that students do at university and retention rates. The survey results show a direct correlation between how effectively students maintain their social networks at university and how well they finish their course:

So activities like the orientation weeks and the clubs and societies that are provided by unions, guilds and associations are a very important part of keeping students at universities. If they are not paid for in some way or if they are undermined in some way then that will have a direct effect on the ability of students to complete their courses.⁸²

Ancillary fees

4.52 The Council of Australian Postgraduate Associations' submission drew the committee's attention to the financial stress caused by students having to fund fieldwork trips, overseas travel for conferences and research, and sometimes their own research equipment. It was pointed out that universities rarely provide funding for these ancillary fees.⁸³ The rising cost of photocopying was also raised with the committee as an area of concern. Loans approved by some postgraduate student associations are being used for photocopying instead of textbook purchases, which was their original purpose.⁸⁴ The committee was told that while many universities allocate to up to \$200 a year to each research higher degree student for the ancillary costs of pursuing research, the money '...does not go very far and students end up investing a considerable amount of money to manage and complete their studies'.⁸⁵

4.53 It appears that undergraduate and postgraduate students are having to cover the cost of ancillary fees, which is adding more to the cost of living and placing further strain on the income support payments. The University of South Australia Students' Association submission described how students are spending up to \$25 dollars each fortnight on ancillary costs such as printing, photocopying and stationery: 'To the average earner, this amount may seem small, however students reflected on the added strain such costs put on their already tight finances'.⁸⁶ The Association was critical of the government for being blind to additional course costs that students are obliged to pay to complete their course:

82 Mr Philip Hunt, Deakin University Student Association, *Committee Hansard*, 26 April 2005, p.68

83 Council of Australian Postgraduate Associations, *Submission 74*, p.9

84 Ms Jacqui Forte, Students' Association of Flinders University, *Committee Hansard*, 28 April 2005, p.21

85 Mr Nigel Palmer, Flinders Postgraduate Students' Association, *Committee Hansard*, 28 April 2005, p.41

86 University of South Australia Students' Association, *Submission 71*, p.6

Such costs include, but are not limited to: the costs of video production, camp costs – accommodation and food – professional printing (ink cartridges and high quality paper), protective clothing such as lab coats, uniforms for placement, the purchasing of case studies, readers and professional presentation of documents such as binding.⁸⁷

4.54 The Students' Association of the University of Adelaide told the committee that it had met with the university administration on at least two occasions to discuss the issue of ancillary fees. Apparently, the university set up a working party to review implementation of its ancillary fee policy. A major issue for the students' association is students' access to course outlines. University policy is that students have access to the outlines free of charge; however, lecturers are beginning to include the outline in their reading bricks which students have to purchase at a cost of up to \$40.⁸⁸

Senator Trish Crossin
Chair

Senator Natasha Stott Despoja

Senator Judith Troeth

87 *ibid.*

88 *ibid.*