



Submission

I am putting this submission together for my partner, Rachael Aulich, with whom I rent a house on the slopes of Mount Wellington, in South Hobart.

We both attend the University of Tasmania. I'm doing a PhD and receive an Australian Postgraduate Award (APA). While this doesn't provide for a luxurious lifestyle, being about \$18,000 per year tax free, it does at least provide for the necessities of life while allowing me to focus on my studies.

This is not the case for Rachael however. Rachael is about one-third the way through her honours year. She receives Austudy at the independent rate (she is 28), and supplements this income with part-time work. She works at a vineyard cellar door, dispensing advice and wine in small glasses, earning \$17 per hour for an average of two days work per week.

Her rough fortnightly budget is as follows:

<u>Income (after tax)</u>		<u>Outgoings</u>	
Austudy	\$270	Rent	\$165
Work	\$400	Food	\$100
Total	\$670	Utilities	\$20
		Car	\$40
		Exercise	\$25 (Swimming 3 times per week)
		Total	\$350

Discussion - Outgoings

Although the amount left over looks quite generous you'll notice that this is one of those budgets that works well when nothing untoward happens, and no additional expenditure is ever required. It does not take into account the following:

- Car repairs and servicing
- University books
- Clothes
- Entertainment
- Gifts
- Credit card payments

This last item is crucial. Rachael has been a student for a number of years now, and additional costs have been slowly accumulated on her credit card. It doesn't take too many unforeseen expenses – a need to travel interstate because of a family crisis, or having your car smashed up and needing to buy another – before a significant portion of a meagre income is funnelled directly into the credit card debt. Rachael received a big break recently, having been able to claim of her accumulated superannuation (\$3,000) through a financial difficulties provision.

This significantly lowered her credit card debt but is surely not an ideal outcome from the perspective of retirement policy.

We are fortunate in that we share our car costs, and our rent, and were lucky enough to find a house that was relatively cheap, in a city that has a reputation for affordability.

Discussion - Income

From my observations of Rachael's income I have a number of comments:

1) Rachael works two days per week, seven hours per day with no lunch break. This will place immense strain on her workload for the two months up to the end of June, when her first semester assessment is due, and for the two months up to the middle of October, when her honours thesis is due. This will have a significant impact on the quality of her work.

2) A complicating factor is that for the last three months, Rachael has been working more than two days per week. This is demanded by the employer because of the somewhat seasonal nature of the work. Consequently she has been behind in her reading from the day the semester began. If she had not agreed to these hours she would not have a job.

3) The allowance received from Austudy declines after Rachael has earned more than \$260 per fortnight, which amounts to a little over two days work for her. Working four days per fortnight, she is exposed to the ludicrous situation of being paid about \$50 for the extra two days work, because of the decline in Austudy corresponding to the extra earnings. It is a rare business that is happy to employ someone for only one day per week.

4) This situation effectively forces students to improve their situation by illegal means; most commonly cash-in-hand work (such as cleaning or baby-sitting), and various tactics for misleading Centrelink in order to avoid reductions in payment. The only alternative is to accumulate a credit card debt, or covertly borrow money from friends and family.

Concluding Remarks

In my opinion the sliding scale for reducing Austudy payments to offset earnings is ridiculous. It forces students who cannot find either a one day per week job, or a highly paid part-time job, into sacrificing the quality of their studies to get by, working extra days for minimal return, working illegally for cash-in-hand, misleading Centrelink, and accumulating high-interest debt.

I would also like to comment on the response of many to complaints such as mine. Whining students tend to be accused of having a poor work ethic, no ability to organise their own finances. Their future potential to earn higher than the national average is touted as an excuse to saddle them with ever-increasing levels of personal debt.

Such criticism is understandable when we consider particular students who are lazy, disorganised, and enjoying an adequately-provisioned existence financed

by unreported money from wealthy relatives. When such people, rare that they are, go on to become wealthy, tax-avoiding professionals, it is enough to make anyone sick. But for students such as Rachael, who are struggling to make ends meet, and will spend their lives firmly entrenched within the lower middle class, the criticism bears no relation to reality.

Government policy must move beyond narrow-minded stereotypes to ensure that students are provided with basic assistance and sensible incentives. The present system tempts students into tertiary study under the impression that Austudy will provide enough money to support an independent student who also holds a part-time job. When you actually try to subsist on Austudy the reality is much different. And unless you are a workaholic genius, or in some way defrauding the system, your chances of actually achieving your full potential are slight.