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Introduction

In response to the call for public comment into the government income support measures for students, I have outlined my reactions below. As an Australian student I believe my input and that of other Australian students should be taken into consideration as we are the ones who will be affected by any changes to the system. We are the customers, and although the customer is not always right, they should *always* be listened to. I believe the terms of reference for this review were a little narrow and have expanded on these in my response. Many topics were not covered but I have included those I deem relevant in my answer.

a) Current measures for student income support, including Youth Allowance, Austudy and Abstudy, with reference to:

(i) The adequacy of these payments;

This is a breakdown of the income a Youth Allowance payee is entitled to:

$$\begin{aligned} & \$318 \rightarrow \text{base rate per fortnight} \\ & + \$236 \rightarrow \text{allowed earnings} \\ & = \$554 \rightarrow \text{total per fortnight} \\ & \underline{\quad\quad} / \quad 2 \\ & = \$277 \rightarrow \text{total per week} \end{aligned}$$

This weekly income of \$277 is adequate for survival. It is approximately 11% above the Henderson Poverty Line and although it may not be easy to live on this amount of money, it is possible and for that we should thank Centrelink.

However, this equation is based on the assumption that the payee will be earning the extra \$236 a fortnight that they are entitled to. It is not reasonable to assume that this will always be the case, when study and other circumstances are taken into account. In that situation, a payee will be receiving the following:

$$\begin{aligned} & \$318 \rightarrow \text{base rate per fortnight} \\ & \underline{\quad\quad} / \quad 2 \\ & = \$159 \rightarrow \text{total per week} \end{aligned}$$

This figure of \$159 is well below the Henderson Poverty Line set for a single adult on welfare (\$245.25). Even if this person received the maximum allowable amount of rent assistance, they will only just reach the Poverty Line.

These figures show that if a person is willing and able to work part-time while studying, then they, along with Centrelink's assistance, will be able to support themselves. My only query with this system is the maximum allowable earnings of \$236 a fortnight, or \$118 a week. On my average casual wage of \$16.13 (weekdays) and \$19.35 (weekends) this works out to approximately 6.5 hours work a week, or one shift at most. In many cases, certainly my own, it is not possible to work only one shift a week. It is very rare in casual employment, especially hospitality in which many uni students work, to find a company that will employ you for one shift a week only, especially when your time constraints are so strict because of uni. In my situation, what arises from this is that I find myself working three or four shifts a week at the insistence of my employer and receive very little additional income for those extra two or three shifts. This occurs because if my earnings exceed \$236 (which they invariably do) I am penalised by Centrelink. For every extra dollar I earn, my Centrelink payment is cut drastically. In effect, if I work 15 hours a week, I earn the same as if I worked 5. Where did this number of \$236 come from and what is the reasoning behind it?

Recommendations

- That the base rate for Youth Allowance is raised to at least equal the Poverty Line.
- That maximum allowable earnings of \$236 be revised and set at a higher, more reasonable limit to allow students a more liveable income.

(ii) The age of independence;

I first applied for Youth Allowance in February 2002. I had completed high school in Mandurah, Western Australia in 2001 and had to move to the city in order to attend university. I was offered a place at Murdoch University and moved into the area in February. I had never lived out of home before and was looking forward to my independence. So imagine my surprise when my claim for Youth Allowance was denied initially, on the basis that I was not in fact, independent. This confused me somewhat; I was not living at home, nor with any relatives, had my own car, my own life and considered myself fully independent. My parents too considered me to be independent. According to them, once I had left home by my own

choice, I was able to look after and support myself. To use an old analogy, once the bird has left the nest it can survive on its own. This is a very common belief and a view held widely in today's society. But apparently not by Centrelink. My understanding of the rationale behind Youth Allowance was that it was a payment for young Australians who, amongst other things, are studying. This was confirmed as was my belief that I was eligible for Youth Allowance when I read the Youth Allowance Brochure. It clearly stated,

“You can get Youth Allowance if you are:

1. Aged between 16 to 24 and studying full time
2. Aged 15 and have reached school leaving age, and considered independent
3. Aged between 16 and 20 and
 - looking for work full time
 - undertaking a combination of approved activities
 - have a temporary exemption from the Activity Test requirements
4. Aged over 25 and studying full time

As well you must be:

5. An Australian permanent resident
6. Usually be in Australia, and
7. Have lived in Australia for a total of two years”

Satisfied that I fulfilled these requirements (Parts 1,5,6 & 7) I was mystified as to why my claim had been rejected. The Youth Allowance Brochure also stated in the section titled “How much Youth Allowance can I get” that:

“The amount of Youth Allowance you get depends on whether:

1. Your income and assets are above a certain amount
2. **You are independent-that is you live away from home** or you cannot live at home
3. You are single or have a partner
4. You have children”

Part 2 clearly stated what I believed, that I was independent. So why the rejection? Why were Centrelink saying one thing and doing another?

According to Centrelink on this page of the Youth Allowance Brochure, I was only independent if:

“You are considered independent if:

1. You have worked at least 30 hours a week for at least 18 months during the last two years
2. You have worked at least 15 hours a week for at least two years since leaving secondary school
3. You left secondary school at least 18 months ago and have earned at least 75 per cent of the maximum ‘Commonwealth training award program’ since leaving school”

The guidelines behind Centrelink’s eligibility for “independence” require a young person (school leaver) like me, to be dependent on their parents for at least 18 months after graduating high school, possibly even two years. As most school leavers graduate at the age of 17, they are not considered “independent” until they are 18 and a half or 19. By this age they are legally an adult, but still not “independent”. Where is the sense in that? These guidelines are way out of touch with reality and with society. What further compounded my belief that I should be eligible for Youth Allowance was when I received my Centrelink Health Care Card in the mail. My *low-income* health care card. If my income was deemed to be low enough to warrant this card, why was I receiving no support from Centrelink? This card signified that I could not afford even basic medical care but still my claim for support is rejected.

Recommendations

- Guidelines for testing independence are revised to reflect society.
 - 1) A voluntary move from the family home acknowledges the independence of a young person.
 - 2) At the legal voting age (admission of adulthood), a young person is considered independent under any/all circumstances.
 - 3) That someone who is deemed “low-income” and receives a health care card is also eligible for income support.

(iii) The parental income test threshold;

My letter of rejection from February 2002 went on to advise me that I was also ineligible for Youth Allowance under the Parental Means Test. Before I left home I lived with my mother

and stepfather, who owned their own business. According to the Youth Allowance Brochure the Parental Means Test is made up of two parts, the *Parental Assets Test*, the *Parental Income Test* and the *Family Actual Means Test*. The explanation of the *Parental Assets Test* states that it:

“Looks at your family’s assets, including the value of goods, cars, boats, furniture, investments, money, real estate, personal property and so on. The family home is not included and the value of farm or business assets is discounted by 75 per cent.”

My parents’ assets were average middle class. Two cars, a heavily mortgaged family home, no boats or real estate and the two of them working hard in a small business to save for their retirement. The small business that’s value should have been discounted by 75 per cent before being evaluated.

The description of the *Parental Income Test* included:

- “1. Your parents combined taxable income
2. Any child support (maintenance) payments they get
3. The value of employee fringe benefits they get
4. Any income from overseas, and
5. Business losses”

In my case, only Parts 1 & 2 applied. According to the National Union of Students (NUS) President, Centrelink begins reducing the likelihood of consenting to a payment at a combined parental income of just \$28,150. Under this guideline, the child of a single parent on minimum wage would be rejected. My parents were also receiving maintenance payments of \$260 a fortnight from my father. This payment was for both my sister and I and worked out to just \$65 a week each. It is ridiculous on Centrelink’s part to assume that this will be able to support me.

The *Family Actual Means Test* again evaluated the value of my parents’ small business and I can only presume that the fact that they owned their own business worked against them .Had they not, they would never have been subjected tho this test. Are Centrelink now punishing people who work hard for themselves and employ other people?

Society viewed me an independent in my situation and not having to rely on my parents. Centrelink disagreed and ruled that my parents would be financially responsible for me for at least the next 18 months. Despite this decision, my parents and I were all well aware that they were not in a position to do this. In today's society of rising inflation levels, interest rates, taxes and day-to-day prices my parents were managing to keep themselves afloat and look towards their own future, with regards to superannuation. My parents were not averse to helping me out financially, quite the opposite, I know they did everything they were able to but it is unreasonable to assume a middle-aged couple in this situation should have to shoulder all the financial support for me as well.

Recommendations

- Guidelines for assessing parental assets and income are revised to reflect society.
 - 1) The level of combined income before a claim is refused is raised to the national average wage.
 - 2) All forms of income are given equal weight when evaluating.
 - 3) A voluntary move from the family home acknowledges the independence of a young person and exempts their parents from financial support of them.

b) The effect of these income support measures on students and their families, with reference to:

ii) Students being forced to work longer hours to support themselves;

Youth Allowance requires students in my position to be studying full-time in order to be eligible for payments. The mode of my study was never questioned by Centrelink and I therefore consider it to be full-time. Admittedly, a full-time university course is not like attending school. We are not in class from 9:00am – 3:00pm five days a week but even Centrelink recognises that class time + study + exams = full-time. A serious student will easily spend 20 hours a week in class and at least another 20 hours a week studying, therefore full-time study = a full-time job.

When my Youth Allowance claim was rejected I was in my first year of uni and it was my first year of living out of home. On top of all this stress, Centrelink then expected me to work to support myself as well, in at least 15 hours a week for the next two years. Effectively, they expected 40 hours of study plus 15 hours of work a week. Are there many people out there who could cope with a 55 hour week at the age of 17? Was I really expected to do this and still be functioning properly? Well I tried, I studied full time and worked part time for two years and I know my education suffered because of it.

Recommendations

- That income support measures be widely available to university students of all ages and all circumstances, especially first-year students.

iv) The ineligibility of Austudy recipients for rent assistance

In order to attend Murdoch University it is imperative that I live in the area, as I am unable to afford a car. For the same reason I must also be close to work in Fremantle. I now live in Beaconsfield, a very old suburb with small houses, between Murdoch and Fremantle with my sister, who is in the same situation. Because of the area we have been forced to live in we pay \$200 a week rent between us. We are not able to have other flatmates due to the size of the house. On top of my base rate of \$318, Centrelink pays me \$64.10 a fortnight in rent assistance, or a mere \$32.05 a week. This works out to about 32 per cent of my total rent. I know the maximum amount of rent assistance is higher than this and wonder what situation one would have to be in to qualify for that payment. \$100 a week is a fairly hefty amount of rent for one person to pay and I doubt there would be many uni students paying any more than this.

Recommendations

- That 50 per cent would be a more effective amount for rent assistance than the current 32 per cent.

Conclusion

I am nineteen years old and a third year Bachelor of Arts student at Murdoch University in Western Australia. I spent my first two years at university living on my own and working 20-30 hours a week to support myself. I became eligible for Youth Allowance in about August

last year but did not apply for it. Why? Because I had become disillusioned with the Centrelink system. I had been rejected once before on grounds I still consider to be contradictory to each other and the Youth Allowance Brochure. In February 2004 I decided to apply for Youth Allowance and my claim was accepted. I now receive the base rate of \$318 a fortnight plus \$64.10 rent assistance. This totals \$382.10 a fortnight, or \$191.05 a week. Working part-time on top of this provides me with an adequate income, not comfortable but sufficient. I appreciate the help Centrelink is giving me but I believe there are measures that could be taken to improve the income support system. I have outlined these in this report. I am just a typical student, trying to survive university, and my recommendations come from personal experience. They may not be fully educated or detailed but I believe they will help me and others in my position.