

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

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The University of Newcastle is pleased to make a submission to the Senate Employment, Workplace Relations and Education References Committee on the living costs of students enrolled in full-time and part-time courses.

In making this submission, the terms of reference will be addressed, commencing with (c), followed by (a), (b), then (d).

(c) *the importance of adequate income support measures in achieving equitable access to education, with reference to:*

- (i) *students from disadvantaged backgrounds, and***
- (ii) *improving access to education.***

The University of Newcastle is well aware of the low socio-economic status of its surrounding region. As can be seen in the attached table of 2001 Census Data - Catchment Area Statistics, compiled by the University of Newcastle, for the catchment areas for our three campuses (Hunter, Central Coast and Hastings), the unemployment rates for these areas are all higher than the state and national averages, the proportion of students who had completed Year 12 is much lower than the state and national levels, the percentages of those attending University is significantly lower than the state and national percentages and the median weekly household incomes are from \$100 to \$300 below the state and national figures.

In recognition of this, the University has already demonstrated, and will continue its strong focus on equity and access for students from disadvantaged backgrounds with the following initiatives:

1. Three different types of enabling programs for students without formal entry requirements. They are the Open Foundation program for mature students; the Newstep program for students aged 17-20 and Yapug for Aboriginal and Torres Strait Islander students. Open Foundation has been offered since 1975 and is available as either a one-year part-time program, an intensive one-semester full-time program or distance mode. These enabling programs are fee-free and enrol over 1,000 students each year. In addition they produce excellent outcomes, a significant number of students from enabling programs completing their undergraduate degrees with a high standard of grades, and some succeeding with first class Honours then continuing on with postgraduate studies.
2. Unilink – an outreach program that commenced in 1991 and aims to increase transition rates of students from low socio-economic backgrounds. In 2003, over 3900 high school students in Years 10,11 and 12 participated in a comprehensive range of activities offered at the schools and the University campuses at Callaghan and Ourimbah.
3. Aboriginal and Torres Strait Islander Student Entry Scheme – to offer entry to indigenous students with academic potential who may not meet the standard entry criteria.
4. Scholarships and Student Benefit Scheme for low income students: The University has committed to a percentage of the revenue from the 25% increase in HECS fees and

domestic full-fee paying students (estimated at \$1.3 million) being allocated from 2005 to a scholarships and student benefits scheme for financially disadvantaged students.

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

(i) the adequacy of these payments

Austudy and Youth Allowance payments need to be increased, at the very least to be brought into line with the poverty line. The inadequacy of these allowances severely challenges poorer students. The increase in rents has impacted on students' budgets and their inability to survive on an allowance has resulted in an increase in student depression with a subsequent decrease in student performance. Recent changes in family dynamics mean that students' parents are generally less able to support their children through University studies. With Newcastle's and the Central Coast's consistently high levels of unemployment, it is difficult for students to procure jobs to supplement their income. For those that do find jobs, it is almost impossible to obtain the right amount of paid part-time work before it impacts on their allowance.

It is recommended that payments for Youth Allowance, Austudy and Abstudy be increased, at the minimum to the poverty line.

(ii) the age of independence

The current age of independence of 25 is unrealistic in terms of its inherent expectations of parents. Most parents assume their adult children are independent at 18 and expect their children to support themselves from that age, or at the latest when they are 21. Having the current benchmark set at 25 requires parents to continue to support their children through University. The reality is that many parents on lower incomes simply cannot continue to support their children once they leave school, especially if they are still supporting other children at school. The increasing variations in the structure of family units also means that the stable nuclear family is no longer the norm and many parents are not in a position to support their children until they are 25. Given that many students have to leave home to study and that those on Austudy do not receive rental assistance, this places undue financial pressure on poorer students without support from their parents.

It is recommended that the age of independence be set at 21.

(iii) The parental income test threshold

This is currently set too low at \$28,000 combined per annum. Many families earning several thousand over this amount still struggle to support their children through University studies, especially if the child/ren have to relocate to attend University, with the contingent accommodation and living expenses.

It is recommended that the parental income test threshold be increased to the equivalent of average weekly earnings.

(iv) the ineligibility of Austudy recipients for rent assistance

Our 2003 Composite Student Questionnaire results indicate that the proportion of students who relocated in order to attend the University of Newcastle at Callaghan was 28.1% commencing and 29.1% continuing. Of these, most commencing students were 20 years of age or younger (54.7%), whilst the majority of continuing students (39.1%) were in the 21-24 years age group. Many of the students who relocated to attend Callaghan campus lived independently in a rented house/apartment (48.4% commencing and 63.9% continuing), whilst a smaller percentage of students (32.1% commencing and 17.8% continuing) lived in on-campus student accommodation.

It is an inexplicable anomaly that students on Abstudy, Youth Allowance and pensions are eligible for rent assistance and recipients of Austudy are not. As noted in (ii) above,

having the age of independence set at 25 presumes that parents will continue to support their adult children until this age. As can be seen from the statistics quoted above, the reality is that many students choose to or have to leave home to study. If they are in receipt of an Austudy allowance, they do not receive any rent assistance. With the current inadequacy of Austudy and Youth allowance payments being set below the poverty line, many students living away from home struggle to support themselves. **It is recommended that Austudy recipients be eligible for rent assistance.**

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

(i) the increasing costs of higher education

Our initiatives within schools in disadvantaged areas are producing substantial numbers of offers for entry into the University from these schools. However there is a lower take-up rate of offers by students from these low SES schools. Financial constraints are often the major consideration when low-income people are making decisions about attending University.

The results of our 2003 Composite Student Questionnaire reveal that almost half of commencing and continuing students indicated that worrying about money has made it difficult for them to concentrate on study. The survey also suggests that students were more often worried about money in 2003 than they were in 2001. The University Counselling Service has observed that for approximately 70% of students presenting, financial pressures are exacerbating their mental health problems.

(ii) students being forced to work longer hours to support themselves

Given the high proportion of the population with low socio-economic status in our catchment areas, many students are obliged to support themselves with paid employment. In 2003, of those students surveyed at the University of Newcastle, 35.6% of commencing students and 43.1% of continuing students cited current employment as their main source of income. Disturbingly, a fair proportion of these were working long hours each week, with the highest percentages falling between 11 to 20 hours per week (36.4% for commencing and 37.7% for continuing students). A further 15.2% and 17.7% respectively were working 21 to 30 hours per week. Some of the negative academic implications that result are: inadequate time for out-of-class study; students taking leave of absence to work full-time; students forced to request late submission dates for their work; students failing to submit their work due to employment pressures or obligations. These pressures inevitably lead to poorer academic performance and lower retention rates for the completion of courses.

(iii) the closure of the Student Financial Supplement Scheme

This scheme, although having high interest rates, was utilised by students. Our Student Support Loans and Welfare Officer reports that the University's own loan scheme for students is fully accessed. In 2003, of 1300 students who sought advice and assistance, loans ranging from small amounts up to (less often) \$2000 were granted to 625 students. At certain times of the year, students simply do not have the lump sums necessary for rental bonds, buying University equipment, etc. It is suggested that a similar scheme be re-introduced, but without the heavy interest rates.

It is recommended that a Student Financial Supplement Scheme be re-introduced, but that only the amount borrowed be required to be paid back with interest rates charged at the CPI rate.

(d) alternative student income support measures

Government funding for loans and grants to students

The last time the government granted the University of Newcastle funds for loans to low SES students was 1985. The University has not been able to top up this level of funding so that money available for student loans has steadily decreased over the years.

It is recommended that government grants be re-introduced for the purpose of loans and grants to low SES students.

Support for postgraduate students

The issue of the lack of government assistance for students in specific postgraduate courses needs addressing. In some cases, a postgraduate course (diploma/masters) is essential for qualification to a particular profession, eg Diploma of Education, postgraduate Pharmacy),

It is recommended that consideration be given to the provision of a living allowance for students enrolled in postgraduate courses that are essential as a first level qualification to a profession.

Exempting living costs scholarships for low SES students from income for social security allowance recipients

Another measure the government could consider is exempting all scholarships for low income students from income testing. What is required is a review of the social security treatment of scholarships. Scholarships designed to provide living/educational cost assistance for low-income students are the most common and useful form of university assistance to low-income students. A number of recent reports have highlighted how up-front costs present a major barrier to low income people entering tertiary education. The Government's implementation of Commonwealth Learning Scholarships is a direct recognition of this fact.

It is recommended that low income students receiving university scholarships to assist with living costs do not have their scholarship benefit considered as income if they are in receipt of a social security allowance.

In conclusion, the University of Newcastle is strongly committed to equitable access to education, in particular for students from disadvantaged backgrounds. Our submission contends that there are serious issues of poverty facing many students unless adjustments are made to the current government system for supporting students, ie, increasing the payments for students on Youth Allowance, Austudy and Abstudy; lowering the age of independence; raising the parental income test threshold and making students on Austudy eligible for rent assistance.

We have submitted data on the plight of students forced to work in paid employment for longer hours than is academically sound and have made some alternative suggestions for improving income support for both undergraduate and postgraduate students.

Thank you for the opportunity to make this submission.



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2001 Census Data
Catchment Area Statistics
 Category

	Hunter	Central Coast	Hastings (inc Greater Taree, Kempsey)	Port Macquarie	Total catchment	NSW
B1	563,587	285,508	96,473	38,288	983,856	6,371,745
B1	Population aged 15 and over	222,878	75,368	31,049	774,652	5,052,247
B1	Population aged 15 and over	79%	78%	81%	79%	79%
B1	Indigenous persons	4,748	4,460	725	21,964	119,865
B1	Indigenous persons	2%	2%	2%	2%	2%
B22	Unemployed persons	10,316	4,822	1,503	40,818	213,196
B22	Unemployed persons	4%	5%	4%	4%	4%
B22	Unemployment rate	9.9%	13.2%	10.2%	9.8%	7.2%
B1	Speaks language other than English	10,157	1,517	812	32,916	1,196,204
B1	Speaks language other than English	4%	2%	2%	3%	3%
B6	Born Overseas (English-speaking)*	27,638	4,607	3,126	60,166	455,568
B6	Born Overseas (English-speaking)*	5%	9%	8%	6%	6%
B6	Born Overseas (Non English-speaking)	23,741	12,869	1,329	40,389	1,019,419
B6	Born Overseas (Non English-speaking)	4%	5%	3%	4%	4%
B1	Born overseas Total	51,379	7,060	4,456	100,559	1,474,987
B1	Born overseas Total	9%	13%	12%	10%	10%
B12	Completed Year 12 or equivalent	118,045	60,543	8,239	202,206	1,899,691
B12	Completed Year 12 or equivalent	21%	21%	22%	21%	21%
B11	Attending university or other tertiary institution (excl TAFE)	17,855	5,476	445	24,572	231,169
B11	Attending university or other tertiary institution (excl TAFE)	3%	2%	1%	2%	2%
B23	Completed Bachelor degree or higher qualification	38,038	16,882	2,565	61,950	677,379
B23	Completed Bachelor degree or higher qualification	7%	6%	7%	6%	6%
B33	Median Age (years)	37	38	43	na	35
B33	Median Age (years)					
B33	Median Weekly Household Income	\$600-\$699	\$600-\$699	\$500-\$599	na	\$800-\$999
B33	Median Weekly Household Income					
B33	Median Weekly Individual Income	\$300-\$399	\$300-\$399	\$200-\$299	na	\$300-\$399
B33	Median Weekly Individual Income					

* The countries included are: Canada, Ireland, New Zealand, South Africa, UK, USA