

# Submission

to

Senate Employment, Workplace Relations and Education  
References Committee

## **Inquiry into student income support**

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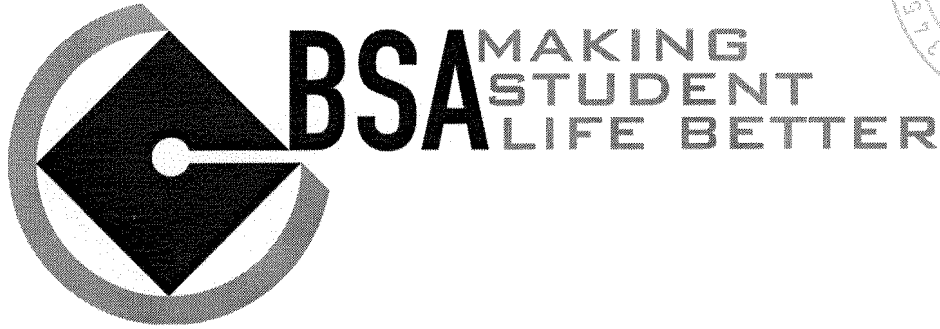
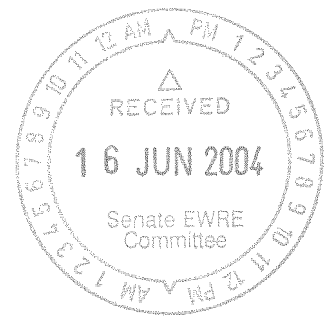
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## Submission into the Senate Inquiry into Student Income

The Bendigo Student Association (BSA) is the representative body of all undergraduate and postgraduate students of La Trobe University, Bendigo. As the representative body the BSA welcomes the opportunity to provide a submission to the Senate Employment, Workplace Relations and Education Reference Committee on Student Income Support.

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Submitted by

The Board of Management and the Student Affairs & Welfare Committee  
of the Bendigo Student Association

Prepared on behalf of the students of La Trobe University, Bendigo by Rebecca Pethybridge (Student Liaison Officer), and Angela Barnes (Education and Welfare Assistant).

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## BSA Submission into the Senate Inquiry into Student Income

The provision of income support to tertiary students in Australia has been made available in varying forms by the federal government for a number of decades. The most common current federal government mechanisms of income support are Youth Allowance, Austudy and Abstudy. The majority of students refer to their income support as Austudy, although this is not always the correct terminology. Approximately four in every ten students <sup>(1)</sup> receiving income support, find the support invaluable. However, the reality remains that the provision of, or lack of, income support is the most significant barrier to accessing higher education. This view is supported in the 2001 report by the Australian Vice-Chancellors' Committee (AVCC), 'Paying Their Way, A Survey of Australian Undergraduate University Student Finances', 2000, <sup>(1)</sup> and also in the 2000 report by La Trobe University, 'Student Experiences of Poverty at La Trobe University' <sup>(2)</sup>. Both reports highlight the personal financial hardship tertiary students face while pursuing their studies.

For many tertiary students the financial support they receive comes in the form of government payments. The maximum amount they can earn whilst on these payments falls well below the national standard of living and in many cases substantially below the well recognised Henderson Poverty Line. <sup>(3)</sup> There has been a marked increase in the number of tertiary students undertaking paid work together with an increase in the number of hours they are in paid work to make ends meet. The AVCC survey, 'Paying Their Way', showed that since 1984 the numbers of full time undergraduate students in paid employment has increased by 22.5 percent to 72.5 per cent, while the average number of hours students are now working has increased to 14.5 hours per week. <sup>(1)</sup> This quite often occurs at the detriment to their own studies and is also a substantial barrier to many tertiary students undertaking studies on a full-time basis.

The increase in the number of hours students have to work is an indication that the current tertiary students' income support is not adequate. Tertiary students are constantly reporting that they can not make ends meet; with many stating that they can not afford to buy academic textbooks (which are exceedingly expensive), eat healthily or afford to meet transport costs and general living expenses. The report, Student Experiences of Poverty at La Trobe University, 2000, <sup>(2)</sup> highlighted the situation many students are faced with. The report found the following:

- 62% of respondents were restricted in the purchase of study materials due to financial circumstances
- One quarter of respondents could not afford to run heating when required
- One third of students ate inadequately due to financial hardship with a significant number of rural students often going without food
- 29% of all respondents miss class due to being unable to afford the cost of travel
- 40% of Bendigo students felt that their financial situation had an adverse effect on their ability to study

Tertiary students are questioning why they should be studying and trying to gain a university degree when the support they receive from the federal government falls short of covering the basic costs of living. As pointed out by an La Trobe University, Bendigo (LTUB) student

*“It is quite clear that people who are studying have compulsory school fees, text books, stationery equipment and the further expense of excursions..... .....It just seems to me that the government seems to be punishing people who study, giving them no incentive to further their education.....”<sup>(4)</sup>*

In order to make ends meet, tertiary students are not only working longer hours but are also taking out student loans and making use of government loan schemes. For some tertiary students these schemes are all that enables them to survive. Without such assistance they would no longer be studying. However, these loan schemes further increase the debt tertiary students already leave university with.

*“I’m on Austudy which is \$265 a fortnight. How ridiculous!! I am being forced to take out a supplement loan which I prefer not to do as it is only another debt hanging over my head once I finish my course”<sup>(2)</sup>*

As mentioned previously, work is increasingly becoming a priority for students. Instead of obtaining work to further their skills many students are forced to take casual, low-paying jobs that simply provide an alternative income. At Australian Universities more than seven in every ten undergraduate full-time students are employed during semester.<sup>(1)</sup> Universities expect their students to consider their studies as full-time work, with the general consensus that a student will spend the same amount of hours studying as they do in contact hours. This becomes increasingly difficult when students are working more paid hours to supplement their federal government payments.

Student organisations have seen an increase in demand for employment assistance. In May 2003 the Bendigo Student Association developed a new department to specifically address the needs of students who needed to supplement their income. Currently, in May 2004, approximately 400 students are registered with this service. It can also be assumed that a number of students have chosen not to use the employment service and are independently seeking work. However the availability of part-time or casual work in Bendigo is limited compared to what is available in capital cities.

There are a number of other new services and facilities that student organisations have developed to meet the increasing demand from students as a result of student poverty. Free food services, secondhand text books, breakfast programs, a decline in attendance in social activities, the increase of student discounts, together with the constant lobbying of local and national services to assist students has become part of the everyday struggle students and student organisations face to ensure tertiary education is accessible to all. Even with the introduction of services aimed at providing some relief from student poverty, the number of tertiary students struggling to continue their studies increases. In the 2003 Student Deferral Project, ‘Factors Influencing First Year Students to Defer from La Trobe University Bendigo in 2002 and 2003’,<sup>(5)</sup> the foremost factor that influenced students to defer was lack of finances. For those students who attend university the financial pressure is always present.

The financial pressure placed on students combined with a lack of adequate student income support has an effect on many tertiary students’ ability to complete their studies, which is becoming more and more apparent. The AVCC report, ‘Paying Their Way’, found evidence that students are

studying part-time due to financial circumstance<sup>(1)</sup>. For some students, studying part-time is the only way they can survive. However, this means that their course is spread out over a longer period of time. This results in tertiary students struggling to survive for longer and possibly causes them to further drain their already depleting resources. When an LTUB student was asked what sort of strategy would help address their financial hardship their response was;

*“Having access to Austudy for my children, as my assets are reducing daily. I have estimated by the time I finish this uni course, my assets will be zero, and I will then be entitled to Austudy – too late!”<sup>(2)</sup>*

In the report on student experiences of poverty at La Trobe University it was found that 40% of Bendigo students felt that their financial situation had an adverse effect on their ability to study.<sup>(2)</sup> The report also showed that “40% of students missed classes due to the need to attend paid employment”.<sup>(2)</sup> There is no doubt that financial pressures placed on students has an adverse effect on their ability to focus primarily on their studies.

Equitable access to rent assistance is an issue that is imperative to the students of La Trobe University Bendigo. In 2000, 56 per cent of current students needed to move from their home towns in order to pursue further education at La Trobe University, Bendigo.<sup>(2)</sup> For these students the costs associated with university education increased. For those ineligible for rent assistance, mainly those students who receive Austudy, it sometimes seems too much. Students frequently make comparison between themselves and other people who receive unemployment benefits, questioning why they are ineligible for rent assistance when all they are trying to do is further their education and enhance their employment opportunities and prospects. Many feel the federal government provides no encouragement for them to continue their studies.

Student perception of neglect from the federal government is felt severely in regional Victoria when the parental means test is applied to payments. A large percentage of students who attended LTUB come from low socio-economic backgrounds. This is evident when you compare LTUB’s catchment area and the recently released Jesuit study into social disadvantage.<sup>(5)</sup> The study highlighted that LTUB has four of the top postcodes identifying socio-economic disadvantage within its primary catchment area. These students are the ones that need the most support from the federal government. It has been well documented that the best way out of poverty is through education. However, when you are unable to access education due to insufficient financial support, it becomes very difficult to educate yourself and lift yourself out of the poverty cycle.

LTUB’s catchment area also consists of rural families who make their living off the land. For these families the parental income test provides an inaccurate picture of their income. Many students who come from primary producing families are ruled out from receiving federal government payments because on paper their financial situation looks better than it is in reality.

*“Austudy [should] be more flexible. On paper our farm earns too much to qualify for Austudy but after all the costs of running the farm are deducted we are living below the poverty line.”<sup>(2)</sup>*

It is students from these areas that need the most support. With the decrease in available work on the land and the increase in the need to obtain tertiary qualifications to gain employment, rural families need as much support from the federal government as they can receive.

The age of independence is another barrier that students face. Currently the federal government classes young people as dependant on their families until they are 25. However this is not the case in society. Society sees young people as being independent from the age of 18. At 18 you are expected to be able to support yourself, work, vote, drive and live without constant guidance from your parents. Today young people cease to receive financial support from their families before they are 25, whether they live at home or not. The federal governments expectations that a family will support a child until the age of 25 places great financial pressure on the family. This is especially the case for families that fall in the low to mid socio-economic brackets, who can provide a place to live, food and support but no financial assistance towards the cost of tertiary education. The pressure placed on families is apparent when you begin comparing the cut in rates from Centrelink and the average yearly income. Currently the cut in the level of the parental income test starts at \$28,150 before tax, <sup>(7)</sup> for one child under sixteen. When this is compared to the federal government's latest statistics on average weekly income, which calculates to \$49,000, it is obvious that the current model of federal government assistance is outdated.

The federal government should consider that the only way to achieve a "smart" nation is to provide the necessary government assistance to enable all young people to access tertiary education. With the increase in fees and the cost of living there should be an increase in federal government income support. The federal government's current attitude seems to disadvantage students compared to their unemployed counterparts. Shouldn't Australia be providing people who wish to study every opportunity to do this? After all, education is the only way out of poverty, but it seems that the current climate expects you to plunge further into poverty before you can help yourself out of it.

It is only through adequate income support that we can ensure higher education is attainable to all who wish to study, not matter what your socio-economic background is.

## 9. Recommendations

- The age of independence be lowered from 25 to 21 years to reflect the current societal norms and expectations.
- Alter the parental income test to better reflect the current average earnings and the situation facing many Australian families.
- Increase federal government income support to at least the recognised Henderson Poverty Line.
- Allow federal government income support to reflect the continuing increasing cost of higher education and to increase with the Consumer Price Index.
- Extend the Rent Assistance Scheme to Austudy recipients.

References.

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