

Submission

to

Senate Employment, Workplace Relations and Education References
Committee

Inquiry into student income support 'Looking ever forward'

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Contents

Terms of Reference	3
Executive Summary and Recommendations	4
Student income support payments	4
Abstudy	4
Income support eligibility	4
Rent Assistance	5
Scholarships	5
Schemes	5
International Students	5
Introduction	6
Adequacy of Youth Allowance, Austudy and Abstudy payments	7
Comparison of student payments with the Henderson Poverty Line	7
Comparison of student payments with the cost of student living	8
<i>Housing</i>	8
<i>Transport</i>	8
<i>Food</i>	9
<i>Educational and health expenditure</i>	9
<i>Case Study</i>	10
Independence criteria for Youth Allowance and Abstudy	12
Age of independence	12
Working criteria for independence	13
Relationship criteria for independence	13
Parental Income and Asset Test Threshold	14
Parental Income Test Threshold	14
Parental Asset Test Threshold	14
Ineligibility of Austudy recipients for Rent Assistance	16
Effect of income support on students and families with reference to the increasing costs of higher education	17
Domestic undergraduate students	17
Domestic postgraduate students	17
International students	18
Effect of income support on students and families with reference to students being forced to work longer hours to support themselves	19
Time	19
Type of employment	19
Penalties	20
Effect of income support on students and families with reference to the closure of the Student Financial Supplement Scheme	21
The importance of adequate income support measures in achieving equitable access to education with reference to students from disadvantaged backgrounds	22
.....	22
Students from low-socioeconomic backgrounds	22
The importance of adequate income support measures in achieving equitable access to education with reference to improving access to education	23
Rural and isolated students	23
<i>Australia-wide</i>	23
<i>Curtin University</i>	23
Students with disabilities	24

<i>Australia-wide</i>	24
<i>Curtin University</i>	24
Indigenous students.....	24
<i>Australia-wide</i>	24
<i>Curtin University</i>	24
Alternative student income support measures	25
Scholarships	25
Student loans.....	25

Terms of Reference

The living costs of students enrolled in full-time and part-time courses and, in particular:

- (a) Current measures for student income support, including Youth Allowance, Austudy and Abstudy, with reference to:
 - (i) The adequacy of these payments,
 - (ii) The age of independence,
 - (iii) The parental income test threshold, and
 - (iv) The ineligibility of Austudy recipients 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,
 - (ii) Students being forced to work longer hours to support themselves, and
 - (iii) The closure of the Student Financial Supplement Scheme;

- (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; and

- (d) Alternative student income support measures.

Executive Summary and Recommendations

Student welfare across Australia has suffered under the hand of restrictive policies with insufficient provisions for student income support. This submission advises a radical overhaul of the current system which deems many students as ineligible and provides below poverty line payments for those who do meet the strict criteria. Student income eligibility support should be widened by decreasing the age of independence, relaxing parental income and assets tests and allowing Austudy recipients to have access to rent assistance. With the majority of students from middle and higher income families enrolling in universities, increased income support is necessary to help boost participation from low SES and other equity groups, such as rural and isolated students. Higher levels of income support will help provide these students with incentives to study such as; not trying to hold down a part time job while simultaneously doing full time study, not wondering where the next meal will come from and being able to meet educational, housing and transport expenditure. Listed below are the specific recommendations from the Curtin Student Guild which suggest improvements to the current system and a proposal of various schemes to improve student welfare:

Student income support payments

- Student income support payments (at a minimum) should be increased and indexed quarterly equal to the Henderson poverty line
- To extend student income support eligibility to postgraduate students

Abstudy

- The changes to Abstudy in 2000 which were regressive and disadvantaged students should be reversed.

Income support eligibility

- The age of independence should be lowered to 16
- Abstudy work criteria for independence should be relaxed to the level required by Youth Allowance (18 months instead of 3 years)
- Relationship criteria for independence should be inclusive of homosexual relationships
- The parental income test threshold at which benefits begin to be reduced needs to be increased in accordance with average weekly earnings.
- If the previous point cannot implemented, then at least for those categories where the parental income cut off amounts are lower than average weekly earnings, these should be increased to the level of average weekly earnings.
- Parental Income and Assets test should not include business assets, farms or superannuation savings.
- The annual threshold for student earnings without incurring penalty should be increased and maintained at the Henderson poverty line, so that students who wish to undertake paid work to improve their standard of living will not be penalised.

Rent Assistance

- Rent Assistance should be increased and differentiated for each city/town to reflect the city/town's median rental price
- Austudy recipients should be eligible for Rent Assistance

Scholarships

- University and Government (non-fee waiver) scholarships should be income test exempt

Schemes

- A new national dental health policy should be introduced which would allow all Australians to visit any dentist and be bulk-billed via Medicare to ensure that all students receive access to the same standard of dental care that is currently only provided to those who can afford it
- A new national allied health services policy should be introduced which would allow all Australians to visit allied health service providers referred by specialised doctors and be bulk-billed via Medicare.
- The Educational Textbook Subsidy Scheme should be reinstated. The imposition of a full GST on educational texts is a tax on learning, a further financial burden and disincentive for students
- The Guild supports the abolishment of the SFSS as it was inappropriately used to fund everyday living expenses, that should be covered by student income support, and the conditions of the scheme were unsuitable causing students severe future financial hardship
- A new loan scheme which acts as an add-on to students' HECS debts, to replace the SFSS, for the purpose of emergency funding only (NOT to meet everyday living expenses which should be covered by student income support).

International Students

Recommended measures for consideration:

- Setting reasonable limits to international course fees, similar to the way minimum fees were set for overseas students through the HESA legislation.
- Ensuring that international students who sign contracts to study here have set fees throughout their degree (instead of facing annual increases)
- Allowing international students a higher number of hours per week for employment so they aren't forced into cash in hand jobs which generally offer below award pay and bad conditions

Introduction

The Curtin Student Guild represents over 30 000 Curtin University of Technology students from the main campus, Bentley, and many satellite campuses throughout Western Australia. The Curtin Student Guild is concerned with the inadequate levels of income support and resultant student poverty. Considerations in 1996 to streamline youth income support payments highlighted the function of Youth Allowance,

“The Youth Allowance also recognises the Government’s commitment to discourage dependence on income support...it will remove disincentives to participate in education.”¹

However over the years, many aspects of student income support payments, one of the main being the inadequacy of payments, are large disincentives for participation in study. As Australia prides itself as being an educated country, it only ranks as equal ninth amongst OECD countries for its level of tertiary income support². The Curtin Student Guild welcomes this inquiry as a true insight into the level of student poverty and encourages both an increase in the level of tertiary income support and consideration of the recommendations throughout this report.

¹ Vanstone, A., Newman, J., 1996, *Youth Allowance: A community discussion paper*, Australian Government Publishing Service, Canberra, page 1.

² Long, M., 2002, Government Financial Assistance for Australian University Students, *Journal of Higher Education Policy and Management*, Vol. 24, No. 2, page 136.

Adequacy of Youth Allowance, Austudy and Abstudy payments

Comparison of student payments with the Henderson Poverty Line

The poverty lines are based on the income required to support the basic needs of a defined group or individual. All students receiving payments in the categories listed in Table 1 are living below the poverty line. The two worst examples of income support are 16-17 year olds living with parents surviving on Youth Allowance and all single childless students on Austudy, living at 40% and 38% below the poverty line respectively. Even though people on Newstart earn up to over 50% more than some students, Newstart recipients are also living below the poverty line. It is ironic that almost all students surviving on student income support payments receive less support than Newstart recipients, but generally have higher costs of living when regular travel expenses, textbooks and equipment fees are accounted for. Refusal to pay Austudy recipients the same level of support as similarly aged job seekers does not remove the disincentive to participate in education.

Payment	Gross	Net	Including RA	Poverty line	% below Poverty Line
YA: 16-17 (LWP)	4531.80	4531.80	4531.80	7610.20	40.45
YA: 18-24 (LWP)	5452.20	5452.20	5452.20	7610.20	28.36
YA: Away from home	8281.00	7893.23	9546.83	12753.00	25.14
AU: No child	8281.00	7893.23	7893.23	12753.00	38.11
AB: 18-20 (at home)	5309.20	5309.20	5309.20	7610.20	30.24
AB: 18-20 (away from home)	8281.00	7893.23	9546.83	12753.00	25.14
AB: >21 (away from home)	10119.20	9418.93	11072.53	12753.00	13.18
NS: single adult	10119.20	9418.93	11072.53	12753.00	13.18

Table 1: Total maximum annual payments of Youth Allowance, Austudy, Abstudy and Newstart and percentages below the poverty line (Henderson Poverty Line, December Quarter 2003). YA: Youth Allowance; AU: Austudy; AB: Abstudy; NS: Newstart; LWP: Living with parents; RA: Rent Assistance (maximum for share accommodation).

Table 2 shows that all single students with a child, whether on Youth Allowance, Austudy or Abstudy, are living at least 19-20% below the poverty line. (Please note: the gross income was used to compare against the net poverty line, due to the variable levels of family tax benefits that can be applied).

Payment	Gross	Including RA	Poverty Line	% below Poverty Line
YA: Single and child	10852.40	13768.04	17214.08	20.02
AU: Single and child	10852.40	13768.04	17214.08	20.02
AB: Single and child (16-20)	10852.40	13768.04	17214.08	20.02
AB: Single and child (21 and over)	10946.00	13861.64	17214.08	19.47
NS: Single and child	10946.00	13861.64	17214.08	19.47

Table 2: Total maximum annual payments of Youth Allowance, Austudy, Abstudy and Newstart (gross) and percentages below the poverty line (net). YA: Youth Allowance; AU: Austudy; AB: Abstudy; NS: Newstart; RA: Rent Assistance (Single + child).

Comparison of student payments with the cost of student living

On average the annual indexation of Youth Allowance and Austudy for 2002-2004 was 2.7-2.8%. Although this sits approximately on the average all groups CPI mean for 2002-2003, there have been increases above the all groups CPI on commodity groups that form a large proportion of student living expenditure. Between the last March quarter (2004) and the December quarter (2003), basic foods (vegetables and fruit) have increased 13.0% and 4.9%, respectively. Tertiary education rose 8.4% and petrol prices by 3.4%. Between the March quarters (2003-2004), urban transport fares have increased 5.5%. The smallest increase was in household furnishings, supplies and services, providing little comfort for students, while rent continued to increase by 2.6% and dental services by 5.9%³. Clearly the largest costs borne by students have risen at a higher level of inflation than what government payments have increased.

Housing

For students one of the most affordable types of housing is shared accommodation. Shared housing advertised on campus noticeboards in Bentley range from \$60 to over \$100 per week, with \$85 being the average. This average would account for 46% of income from Youth Allowance and 56% of income from Austudy. As one of the largest living expenses incurred by students, it is not surprising to find that 24% of respondents in the University of Ballarat study had been two or more weeks behind in their rent in the past year⁶. A spokesman for the Salvation Army stated that the main reason behind student poverty was the cost of housing⁹.

With students already scraping each week to pay rent in Perth, even more concern should be given to students who live in cities with higher costs of living. While \$85 a week will buy a decent room within a share house in Perth, a student in Sydney pays \$175 a week for a partitioned portion of a garage of a share house²⁵. If this student received Youth Allowance and Rent Assistance, the student would be left to survive on less than \$9 a week after paying rent alone. The amount of rent assistance provided needs to be not only increased but also differentiated in each city/town to reflect the city/town's median cost of rent.

Transport

A report from the National Welfare Rights Network stated that the youth allowance recipients interviewed had serious financial difficulties in paying for food and shelter, let alone the additional travel costs to attend classes⁴. A report from the AVCC shows that 10% of students frequently or sometimes missed classes because they could not afford to travel to university⁵. Reports of student poverty from the University of Ballarat and La Trobe University have shown that 20% and 29% of students

³ Australian Bureau of Statistics, 2004, *Consumer Price Index, Australia*, [http://www.abs.gov.au/Ausstats/abs%40.nsf/1020492cfd63696ca2568a1002477b5/938da570a34a8eda2568a900139350!OpenDocument#1%20ALL%20GROUPS,%20Index%20Numbers\(a\)](http://www.abs.gov.au/Ausstats/abs%40.nsf/1020492cfd63696ca2568a1002477b5/938da570a34a8eda2568a900139350!OpenDocument#1%20ALL%20GROUPS,%20Index%20Numbers(a)), [Accessed 7 May 2004].

⁴ National Welfare Rights Network, 2002, *Kicking them while they're down: Youth Allowance and youth poverty, an analysis of the causes and effects of breaches, penalties and debts in the Youth Allowance System*, Sydney, page 10.

⁵ Long, M., Hayden, M., 2001, *A survey of Australian Undergraduate University student finances 2000*, Australian Vice-Chancellors' Committee.

respectively missed classes due to inability to afford travel expenses^{6 7}. The University of Ballarat study also had one respondent who slept in their car for a month as they could not afford transport costs⁶. At the time of writing this report, petrol prices in Perth were rising to over a dollar a litre and with this being a topic of conversation, students' true extent of poverty is reflected. This is an example of a conversation between two Curtin students,

“This morning I had to scrounge around my drawers to find \$3 to put petrol in my car.”

To which the other student replied,

“Yeah, I've gone as low as \$2.50 getting fuel. The lady at the counter looks at you real funny.”

For many students having a car to attend university is the only option, especially for those who live in areas which are not serviced regularly by buses. As Curtin serves a large proportion of students from the low SES south-eastern metropolitan corridor of Perth, these students who have difficulty or lack of access to public transport, are forced to miss classes when they simply can't afford the petrol, particularly during price spikes which have been observed recently.

Food

For a long time it has been colloquially known that student food often largely consists of nothing more than instant noodles, rice, pasta and baked beans. The seriousness of this problem is due to the lack of essential vitamins and protein in these 'instant' and low cost foods and has been highlighted by members with reports of cases of anaemia and other nutritional problems. Increasingly in recent times there has been a greater demand for emergency food supplies from students. The Salvation Army and the Brotherhood of St Laurence have stated that young people rely on them for emergency relief (such as food vouchers and parcels)^{8 9}. The Curtin Student Guild and many other student unions across Australia offer free food services, for example, regular barbeques, soup days or breakfasts to help support students who are going without. Student need for more financial assistance to buy food is also reflected in the statistics from the University of Ballarat study, that 22% of respondents had gone without food against their will for a day in the past month⁶. It is atrocious that Australia, as a civilised modern country in the 21st century, should have students, amongst many others, living without the very basics needed to sustain life.

Educational and health expenditure

In the study of student poverty at the University of Ballarat it was found that experiences that were common to students included;

- Being unable to buy essential texts or materials
- Deferring medical or dental treatment for more than a month
- Avoiding purchasing clothes for financial reasons⁶.

In a similar type of study held at La Trobe University the findings were that;

- 62% of respondents were restricted in the purchase of study materials

⁶ Newton, J., Turale, S., 2000, Student poverty at the University of Ballarat, *Australian Journal of Social Issues*, Vol. 35, Iss. 3, page 251.

⁷ Wilson, 2000, *Report on the student experiences of poverty at La Trobe University, September 2000*, Academic Development Unit, La Trobe University, Victoria.

⁸ Anon, 2004, *A hand up not a hand out: Renewing the fight against poverty, report on poverty and financial hardship*, Senate Community Affairs References Committee Secretariat, Canberra.

⁹ Green, S., 2004, Poverty-stricken students rely on food handouts, *The Age*, 22 March.

- 5% of respondents could not afford to buy any books/materials
- 28% of respondents could not afford to run heating when required
- Almost 50% of students have their health negatively affected by financial hardship with dental care being the most unaffordable⁷.

The Australian Constitution implies that the Government is responsible for not only providing medical care, but dental care also:

“The Parliament shall, subject to this Constitution, have power to make laws for the peace, order, and good government of the Commonwealth with respect to the provision of maternity allowances, widows' pensions, child endowment, unemployment, pharmaceutical, sickness and hospital benefits, medical and dental services, benefits to students and family allowances...”

The neglect to provide dental care to all Australians has meant that students in particular, who cannot afford to pay around \$200 for a check and clean or \$850 for a crown, has forced students to neglect oral health. Similarly, the high costs of allied health services, such as physiotherapy and chiropractic, prohibit students who are in pain from accessing required regular treatment.

Case Study

A student doing first year engineering at Curtin receives \$3 946 (net) for 6 months from Austudy. Here are the basic costs involved for Semester 1:

		6 months
Rent (shared accommodation)	\$85/week	\$2210
Textbooks (with ETSS discount)		\$330
Public transport (concession/1 zone/return/5x week)		\$157
Amenities and Services Fee	\$100/year	\$50

This leaves a total of \$1 199 or \$46 per week to cover food, electricity bills, telephone bills, medical and dental costs, photocopying, stationery, clothing and other incidental costs. For this student, the abolishment of the ETSS would have costed an additional \$1 per week. Clearly this student would not be able to visit a dentist when required as it would cost a month's worth of allowance. Even if the student spent all of the \$46 per week on food, it would amount to \$6.57 per day. Unfortunately food expenses are sometimes forced to become to 'flexible' or even optional, putting students' health at risk as they survive on low cost, low nutritional food.

This case study shows the minimum costs for an independent Bentley student¹⁰. There would be many students whose everyday living expenses would surpass these, due to ownership of a car (with the associated insurance, petrol and parking fees) or greater public transport fees due to living a further distance from Bentley or undertaking courses with higher ancillary fees (more expensive textbooks, equipment and field work fees).

¹⁰ The rent is the average rate per person for share accommodation in areas surrounding Bentley. A random course was selected (Engineering) and the textbook requirements for common first semester/year studies were calculated. The public transport cost was calculated at the minimum possible (using multiriders) rate. The Amenities and Services fee is compulsory for all students.

Recommendations:

- *The student income support payments (at a minimum) should be increased and indexed quarterly equal to the Henderson poverty line, so that students can meet basic daily living expenses*
- *Rent Assistance should be increased and differentiated for each city/town to reflect the city/town's median rental price*
- *A new national dental health policy should be introduced which would allow all Australians to visit any dentist and be bulk-billed via Medicare to ensure that students receive access to the same standard of dental care that is currently only provided to those who can afford it.*
- *A new national allied health services policy should be introduced which would allow all Australians to visit allied health service providers referred by specialised doctors and be bulk-billed via Medicare.*
- *The Educational Textbook Subsidy Scheme should be reinstated. The imposition of a full GST on educational texts is a tax on learning, a further financial burden and disincentive for students.*

Independence criteria for Youth Allowance and Abstudy

Age of independence

When other government concessions are taken into account for the age of dependent children, the minimum age of independence for Youth Allowance and Abstudy do not correlate. Both the family allowance and family tax initiative treat 16 year olds as adults unless they are in full time schooling, then 18 is the cut off. The parenting payment in most cases ceases once the child turns 16¹¹. To set the age of independence greater than 8 years after a person can legally drive and 7 years after they can become an adult citizen and participate in government elections is unreasonable and inconsistent. In a study by Luteria and Bourne, the average age of young people (respondents) who had already moved out of home at the time of the study was 17.6 years, whereas the rest were likely to leave home at 21 years¹². For most young people who are already living independently but do not satisfy the age criteria or working criteria are being forced to take steps backwards and live as a 'child' dependent on their parent's income.

One of the main assumptions that the Government makes when forcing adult 'children' to depend on their parents is that the parents will indeed fully support them. A study which interviewed both young people and their parents (in 2 phases) showed that most parents do not provide adequate income support,

"Most young people (68% in phase 1 and 52% in phase 2) reported that their parents did not give them any money. In phase 2, 32% reported that they received less than \$50 while 6% reported they received between \$50-99.

In phase 1, only 45% of parents reported that they gave money while in phase 2, 60% of parents reported that they did. Of the 60%, 16% gave regular payments and 80% only gave occasionally (when urgently needed). Of those who gave cash regularly, 72% gave less than \$50 and 16% gave between \$50-99."¹²

It is important to also keep in mind that while a parent's income may exceed income tests, there are numerous cases where parents, for a number of reasons, refuse to contribute in any way to the financial costs incurred by their son or daughter. In these cases students are left in no better position, and sometimes in worse positions than if their parents had not been working.

It is a typical response that parents feel a declining financial responsibility for their children after the age of 16. In harmony with this, is the finding that about half of the young people in the study saw this support as a either a heavy or something of a financial burden on their parents¹². Students who are not classed as independent and subsequently forced to live at home and depend on parents, generally do feel the strain of being a burden and are pressured to undertake paid work while studying.

¹¹ Weeks, W., 2000, The meaning of 'Family' and 'Individual' in selected social policies: revisiting assumptions about age, gender and parental obligation, *Family Futures: Issues in Research and Policy*, 7th Australian Institute of Family Studies Conference, Sydney, 24-26 July.

¹² Luteria, M., Bourne, J., 2000, Financial Independence and Youth Allowance: Young people's and parents' views, *Family Futures: Issues in Research and Policy*, 7th Australian Institute of Family Studies Conference, Sydney, 24-26 July, page 11.

Working criteria for independence

The fact that most students who have just finished year 12 cannot claim independence through age, forces them into a decision of whether to work or study. Even if they want to progress to study, they may have to fulfil the working criteria for independence before they get the chance to afford to study. A study by Birrell *et al.* states,

*“It seems that many students are delaying entry to university or entering as part-time students in order to earn the income necessary to become eligible for the Youth Allowance. Only then do they enrol as full-time students.”*¹³

This encourages school leavers to take up full time work for at least 18 months, which has a main implication that many may take up the work and choose to remain in the low paying unskilled job instead of going back for further education. For those who do have every intention of returning to study, their presence in the ‘unemployed’ pool increases the pressure for jobs which are sought by school leavers.

Furthermore, there is the ever present anomaly that Abstudy work criteria is twice as long as the Youth Allowance criteria, requiring 3 years of full time work. The motive behind this tougher criterion is unclear and should be reviewed to at least come into line with the Youth Allowance criteria.

Relationship criteria for independence

A person in a heterosexual marriage like relationships for 12 months or more is considered as ‘independent’. However a homosexual relationship is not considered grounds for independence. Although homosexuality is an increasingly accepted lifestyle, many youth face challenges with confronting their parents about this issue or upon confrontation may have negative consequences or may not be accepted by their parents. To force these students to continue living with or being dependent on their parents would cause unnecessary tension and hardship on both sides or even be dangerous and unhealthy. The relationship criterion for independence needs to be inclusive of homosexual relationships.

Recommendations:

- *The age of independence should be lowered to 16*
- *Abstudy work criteria for independence should be relaxed to the level required by Youth Allowance (18 months instead of 3 years)*
- *Relationship criteria for independence should be inclusive of homosexual relationships*

¹³ Birrell, B., Dobson, I., Rapson, V., Smith, F., 2003, *Higher Education at the Crossroads*, Centre for Population and Urban Research, http://www.arts.monash.edu.au/sociology/cpur/publications/higher_ed_crossroads.html, [Accessed 10 May 2004].

Parental Income and Asset Test Threshold

Parental Income Test Threshold

The strict eligibility requirements for student income support has led to the overall percentage of students (younger than 19) receiving Youth Allowance to steadily decline from 1998-2001 even though full time enrolments have generally remained stable or increased¹³. The stricter requirements which were introduced in 1998 saw 9% of the 15% who became ineligible for Youth Allowance drop out². From this it is clear that students whose parents earn more than the test threshold may be forced out of study. It is obvious due to the current threshold that students from very low income earning families will be eligible for student support, while the ones who miss out are the students from families which have low to moderate earnings. This concern was also mentioned in the study by Birrell and Dobson¹⁴. Although most parents agree with means and assets testing, suggestions made by parents to improve the system included raising the limits at which benefits are reduced and basing income on current net income¹². Currently the limit at which benefits are reduced for a family with six dependent children is \$39 628. When compared with the AWE for August 2003 for a full time adult (total earnings) being \$973.40 or \$50 616 this limit is far too low¹⁵. Even more shocking is the fact that the limit at which benefits are reduced for a couple with 4 dependent children (16-24 years) is \$39 526 (gross) compared with the poverty line \$38 043 (net). This means that a student in this family sitting on the poverty line but earning (gross) more than the \$39 526 would have their benefits reduced. The parental cut off amounts for a family with one or 2 dependent children under 18 are currently below the average weekly earnings. Currently university students come mainly from the middle to upper middle classes of society, therefore the means test benefit reductions and cut off limits should be reassessed to improve access for lower middle and working class families¹⁶.

Parental Asset Test Threshold

Another suggestion from parents from the Luteria and Bourne study was to either base the threshold solely on income and not assets, or not include business assets/farms or superannuation savings/investments¹². The current criteria which includes farms as assets particularly disadvantages many rural students, whose families work in farming and are asset rich, but income poor. As highlighted in the AVCC report,

“When applying for Youth Allowance, it was deemed that my parents had a very high asset value, but I do not think the size of our debt was given due consideration. If they were to sell the farm to pay off the debt, they would be without a profession or a home.”⁵

Recommendations:

¹⁴ Birrell, B., Dobson, I., 1997, Equity and University Attendance: The Monash Experience, *People and Place*, Vol. 5, No. 2, pages 56-57.

¹⁵ Australian Bureau of Statistics, 2004, *Average Weekly Earnings, Australia*, <http://www.abs.gov.au/ausstats/abs@.nsf/0/98c3ef0f99c6c3b8ca25688d001bd8e3?opendocument>, [Accessed 18 May 2004].

¹⁶ Birrell, B., Dobson, I., Smith, F., 1999, The new youth allowance and access to higher education, *People and Place*, Vol. 7, No. 3, pages 19-30.

- *The parental income test threshold at which benefits begin to be reduced needs to be increased in accordance with average weekly earnings.*
- *If the previous point cannot be implemented, then at least for those categories where the parental income cut off amounts are lower than average weekly earnings, these should be increased to the level of average weekly earnings.*
- *Parental Income and Assets test should not include business assets, farms or superannuation savings.*

Ineligibility of Austudy recipients for Rent Assistance

The inconsistency for Youth Allowance, Abstudy and Newstart recipients to receive Rent Assistance, but not Austudy recipients is not only unjustified but leads to increased student hardship and in some cases inability to study due to financial pressure. The availability of Rent Assistance has been reported to be a major factor in the decision/ability to study in many studies, including Burke *et al*, Vanstone & Newman and a study by the Commonwealth of Australia^{17 1 18}. Rent Assistance is particularly important in supporting students from rural and regional areas who have to move closer to their campus of study. In a study, 40% of students who had moved from a remote location would not have been able to study without Rent Assistance¹⁸. This provides an example of how many potential students miss out on the chance to study because they are ineligible for Rent Assistance, simply through age (as younger Youth Allowance recipients are eligible).

Recommendation:

- *Austudy recipients should be eligible for Rent Assistance*

¹⁷ Burke, T., Pinkney, S., Eweing, S., 2002, *Rent Assistance and Young People's decision making*, Australian Housing and Research Institute.

¹⁸ Anon., 2002, *Youth Allowance Evaluation, Final Report December 2001*, Commonwealth of Australia, <http://www.facs.gov.au/yae/index.html>, [Accessed 10 May 2004].

Effect of income support on students and families with reference to the increasing costs of higher education

Domestic undergraduate students

The availability of income support is a crucial factor for many students in determining whether they can afford to study. However, the increasing costs involved with higher education have led to the amount of support decline proportionally in value. From July 2004 the price of educational textbooks will rise by 8% due to the abolishment of the Educational Textbook Subsidy Scheme. For parents or students that elect to pay HECS fees upfront to avoid debt, the burden is growing as undergraduate course fees are becoming more deregulated due to the new higher education reforms. Along with these reforms come the domestic full fee paying places which can charge over \$100 000 for a degree. A testament to the insufficient support provided and the costs required for tertiary study is the need for student loans. For a potential student from a low-socioeconomic background faced with a choice of study (with low income support and a large HECS/FEE Help debt and a possible student debt) or getting a job (with a higher rate of income support whilst job seeking), the disincentives of further education outweigh the incentives. In New Zealand tuition fees have increased on average by 13% each year from 1992-1999 and the percentage of students from low decile schools has dropped from 10% in 1994 to 8% in 1997¹⁹. As most students in Australia will be experiencing fee increases through HECS rises and high full fee paying prices, the already below poverty line student support needs to be increased to firstly sustain current students and secondly to prevent low income students from retreating from education due to high expenses.

Domestic postgraduate students

Domestic postgraduate students already carry heavy burdens as their fees have been deregulated and for many postgraduate students who are not on scholarships (mainly coursework students) there are no forms of income support available. For example, there are a number of postgraduate courses that are necessary to complete to become registered with the disciplines professional body. An example is the Master of Psychology course which is necessary to be fully registered with the Australian Psychological Society. Another example is the Masters of Physiotherapy degree offered by Curtin University. This degree is for students who have completed an undergraduate degree in Science so that they can do two years of a postgraduate degree to become Physiotherapists instead of doing another four year undergraduate degree in Physiotherapy. Another example of this type of fast tracked degree is the Masters of Occupational Therapy, where students who have completed an undergraduate degree in Health Sciences can do a two year postgraduate degree instead of doing another four year undergraduate degree to become an Occupational Therapist. Restricting income support to undergraduate students creates a barrier for low income students to enter their chosen profession which may require a postgraduate degree.

Recommendation:

- *To extend student income support eligibility to postgraduate students*

¹⁹ New Zealand House of Representatives, 2001, *Inquiry into student fees, loans, allowances and the overall resourcing of tertiary education*, Report of the Education and Science Committee.

International students

International student fees are also deregulated, but are significantly higher than domestic undergraduate and postgraduate fees. Although it is widely assumed that international students come from rich families, many are supported by middle income families who stretch their finances to ensure their children get the best education. In many cases international students enrol in courses not realising that course fees can increase annually. For example international fees for units at Curtin have increased over 11% from 2000 to 2004. This in combination with the strengthening Australian dollar has caused financial hardship on the parents of these students, which leads to some international students working cash in hand jobs so that they can continue studying in Australia. International students working cash in hand jobs has been documented by a recent study, here is an extract of a conversation with an international student in the study:

- “SARAH: When did you start in the sex industry?
LING: I basically started working table top on and off a few years ago because I didn't have enough money to pay my student fees...
SARAH: Which are?
LING: [pausing] About twelve thousand dollars a year...excluding my living expenses.
SARAH: And who paid your fees before you started working?
LING: Well, I worked in quite a few cash-in-hand jobs which meant long hours and not much money. And before that my parents paid for my tuition. But now that they're not going so well financially they can only afford about one quarter of my fees...They feel bad about it, of course, but I tell them it's OK. They've given me so much anyway. And I know what an impact it has on them to give me even one quarter.
SARAH: Do they know that you work in the sex industry to pay the rest of your fees?
LING: No, no, they wouldn't like that. But I think, 'I can do this for a couple of years...then I'll get out because I'll have a good degree and then I'll work in some corporate job or something that they'll be proud of me.' No they don't need to know.”²⁰

Although it is not the responsibility of the Australian government to provide income support to international students, there should be considerations of measures to curb international student poverty.

Recommended measures for consideration:

- *Setting reasonable limits to international course fees, similar to the way minimum fees were set for overseas students through the HESA legislation.*
- *Ensuring that international students who sign contracts to study here have set fees throughout their degree (instead of facing annual increases).*
- *Allowing international students a higher number of hours per week for employment so they aren't forced into cash in hand jobs which generally offer below award pay and bad conditions.*

²⁰ Lantz, S., 2003, Sex work and Study, *Traffic- An Interdisciplinary Postgraduate Journal*, University of Melbourne Postgraduate Association, No. 3, page 6-7.

Effect of income support on students and families with reference to students being forced to work longer hours to support themselves

Time

As described earlier in this report, the current provisions for student income support are not sufficient. In 2000, 51% of income derived by full time students was through work⁵. Increasingly students are resorting to paid work during university semesters, with numbers rising by 50% since 1984⁵. In 2000, 72.5% of full time students were working on average 14.5 hours per week during semester⁵. With greater amounts of effort being put into paid work, studies and academic achievement suffer. As an average degree demands about 40 hours of contact and study per week, around a third of these working students have to miss classes sometimes or, more disturbingly, on a frequent basis⁵. With many students working on a casual basis and living on a 'hand to mouth' existence, they are forced to work at times of high stress, for example, when they are sick (as they are not entitled to sick leave due to their casual status). Students need time to read, think, experience campus life and be involved in university activities. Campus life has been described as 'dying' due to the fact that students don't have enough time to study and work, let alone spend time on campus⁵.

Type of employment

There are two types of employment that students are involved in, formal and informal. The formal forms of employment are usually low paid, low skilled jobs, such as pizza delivery, child minding, waitressing, cleaning and positions in supermarkets⁶. The students who rely mainly on income from these sources are penalised if they earn more than \$6 000 a year. This predicament forces many students to consider informal work.

Most informal work (cash in hand jobs) exploits students by offering below standard working conditions and lower than award levels of pay. This raises concerns about safety of students who are not covered against accidents. A newspaper article recently showed that a Curtin student took a cash in hand job in removing asbestos²¹. The student took the job as it would not affect youth allowance payments, but was not provided with the appropriate safety equipment required to do the work. He was in a dire situation, whereby if he didn't pay the rent he would be evicted and homeless. A more lucrative form of employment is sex work. Unfortunately many students are forced to choose to work in this industry, as it often provides a higher income which is needed in desperate circumstances. Some of the responses in Lantz's study were from people who would not normally have considered entering the trade, but did so due to the financial pressures from studying²⁰.

The increased 'casualisation' of work has become a worrying trend, particularly for students who choose to study part time and work part time hours, but are classed as casuals. Lack of employment security and other benefits, such as sick leave, cause significant hardship.

²¹ Butler, M., Tesoriero, D., 2004, Risking health to pay the rent, *Western Independent*, 13 May, Vol. 2, No. 2, page 5.

Penalties

Although the cost of living is constantly increasing, the annual threshold for earnings without penalty has remained constant at \$6 000 since 1992²². As students who work and earn above this threshold are penalised by losing fifty or seventy cents of each dollar of income support for each dollar earned over the threshold and having to pay ‘normal’ tax each financial year, they are effectively being double taxed. This means that students have had to either balance their work and income support to gain optimum benefit but live in poverty, or work increasingly harder and longer to make up for the money that is lost through these penalties. Students, who are amongst the lowest income earners, are effectively being ‘taxed’ at a higher rate than top income earners with income tax and loss of welfare being applied at the same time.

Recommendations:

- *Student income support should enable students to meet daily living expenses without being forced or pressured to work simply to survive. This would allow students to reach their full academic potential, unhindered by work commitments, financial considerations and time constraints*
- *The annual threshold for student earnings without incurring penalty should be increased and maintained at the Henderson poverty line, so that students who wish to undertake paid work to improve their standard of living will not be penalised*

²² Green, S., 2004, Uni Blues, *The Age*, 22 March.

Effect of income support on students and families with reference to the closure of the Student Financial Supplement Scheme

Due to the inadequate income support from the government, there is a demand in general for student loans. As average full time student budgets are about 42% in deficit, it is no wonder that over 10% of students take out debts averaging nearly \$4,000⁵. The Student Financial Supplement Scheme (SFSS) did fill a niche in that it provided an increase in the absolute amount of income support available, which was useful for students who could not obtain extra money in any other way². However, the idea that students have to repay the part of income that they sacrificed on top of what they borrowed further plunges students deeper into unnecessary debt. The real solution to this problem is to address the actual cause, by providing students with a liveable income. For students who come across unexpected additional expenses, a form of emergency loan should be available to them. An explanation on the proposed loan system for emergency funding is outlined in the section ‘Alternative student income support measures’.

Recommendations:

- *The Curtin Student Guild supports the abolishment of the SFSS as it was generally used to help meet everyday living expenses (that should be covered by student income support) and the conditions of the scheme were unsuitable causing students future financial hardship.*
- *Student income support should be increased so that students can meet daily living expenses without relying on loans.*

The importance of adequate income support measures in achieving equitable access to education with reference to students from disadvantaged backgrounds

Students from low-socioeconomic backgrounds

Although students from the lowest socioeconomic families will be eligible for income support, the levels are evidently inadequate. 13% of students enrolled at Curtin in 2004 are from low socioeconomic backgrounds and this has decreased 0.6% since 2003. This figure is 12% lower than the commonly used 25% reference level.

Australia wide participation of these students has steadily been 10% below their appropriate level according to their population share²³. Retention rates of low SES students have generally fallen from 78.2% in 1996 to 76.7% in 2001²³. Comparison of these retention rates against retention rates for medium and high SES students, about 80% and 84% in 2001 respectively, shows that SES does have an impact on student's success. Greater income support would help alleviate the burden from low SES students and provide them with the opportunity for success. Not only would an increase in benefits support current students, it would provide potential students with a more realistic option and avenues to study. The Guild believes that an increase in student income support would help boost the participation rates of students from low SES backgrounds by providing more incentive (and alleviate disincentives) to study.

²³ James, R., Baldwin, G., Coates, H., Krause, K., McInnis, C., 2004, *Analysis of Equity Groups in Higher Education*, Department of Education, Science and Training.

The importance of adequate income support measures in achieving equitable access to education with reference to improving access to education

From the 2004 DEST report examining equity groups in higher education, groups which are underrepresented have been highlighted²³. These include students from low SES backgrounds (as mentioned previously), rural and isolated students and students with disabilities. Another group that is underrepresented but not covered in the scope of that report are indigenous students.

Rural and isolated students

Australia-wide

In 2002 rural and isolated students were underrepresented in higher education by 6.6% and 3.1% respectively²³. Retention of rural and isolated students was approximately 5% and 17% below the urban retention rate, respectively²³.

Curtin University

Although rural and isolated students are adequately represented in 2004 Curtin enrolments, their retention still falls short of urban students by 3.5% and 9.5%, respectively.

A study by Stevenson *et al*, found that variation of university participation in non-metropolitan areas was due to a combination of factors, but the marginally greatest factor was the level of economic resources (disposable income)²⁴. Although increasing the amount of income support available will assist rural and isolated students, of equal importance is the widening of eligibility for support. As previously mentioned, many rural students can be considered ineligible for income assistance due to parent's ownership of farms. It is important that these students are not disadvantaged if their families have a high asset/low income status.

There have been situations where rural/isolated students are prepared to move away from home to their university of choice, assuming that they will be eligible for the 'Away from home' rate, but upon discovering they are still classed as dependent, do not have the opportunity to undertake tertiary education²⁵. This highlights the importance of decreasing the age of independence as this would empower rural/isolated youth to move away from home and pursue higher education if they so choose.

Recommendation:

- *A combination of increasing income support (in general), not including business assets (farms) in parental income and assets tests and lowering the age of independence will all provide further support and potentially boost participation of rural and isolated students.*

²⁴ Stevenson, S., Evans, C., Maclachlan, M., Karmel, T., Blakers, R., 2001, *Effect of campus proximity and socio-economic status on university participation rates in regions*, Department of Education, Science and Training.

²⁵ Callaghan, V., 2003, *Government Financial Support for Students- The case for radical reform*, *People and Place*, Vol. 11, No. 3, p. 14-22.

Students with disabilities

Australia-wide

In 2002 students with disabilities were underrepresented in higher education by 0.6%²³.

Curtin University

Participation at Curtin by disabled students in 2004 is below the state reference level by 2.3%. Retention rates of disabled students (2003) at Curtin are about 10% below the rate of retention of non-disabled students.

A general increase in student income support and targeted assistance for extra expenses incurred due to their disability will boost participation and opportunity of disabled students.

Indigenous students

Australia-wide

Commencing enrolments of indigenous students had increased at least from 1993-1999, but dropped in 2000 by 15% and overall numbers dropped 8%²⁶.

Curtin University

Participation of indigenous students at Curtin University in 2004 is 2.3%, 0.2% below the state reference level. Retention of indigenous students is low at 54.9% compared to the retention of non-indigenous students, 77%.

The drop in commencing enrolments witnessed in 2000, were probably a response to the changes made to Abstudy in 2000. Most of the changes implemented were regressive and caused certain categories of students to receive decreased benefits and some students ineligible for benefits due to stricter income tests²⁷. This exercise removed an estimated \$18.8 million from Indigenous student income support²⁷.

Recommendation:

- *The changes to Abstudy in 2000 which were regressive and disadvantaged students should be reversed.*

²⁶ Department of Education, Science and Training, 2004, *Higher Education Report for the 2004-2006 Triennium (Draft)*, Australian Government, Canberra.

²⁷ Aboriginal and Torres Strait Islander Commission, 1999, *Analysis of the proposed changes to Abstudy on Indigenous students*, http://www.atsic.gov.au/issues/Disadvantage/Education/ABSTUDY_Changes_1999/default.asp, [Accessed 21 May 2004].

Alternative student income support measures

Scholarships

The recent changes to not include full/partial fee waiver scholarships as income for social security purposes has been a leap forward. Unfortunately, scholarships that assist with other expenditures, such as living expenses, are still counted as 'income'. For students from low socio-economic backgrounds, the help with living expenses should be in addition to any income support that they would have received with the scholarship. Scholarships serve as a form of additional support for students and to count it as income and reduce their benefits, subsequently voids the purpose of receiving a scholarship.

The introduction of the Commonwealth Learning Scholarships has had different responses from areas across Australia, due to its recent release and limited promotion. Although some states have had limited demand, Curtin University has received 304 applicants, surpassing our 199 scholarships allocation. With current demand outstripping supply, and many worthy applicants having to miss out, it is questionable if the Government is truly dedicated to increasing participation from equity groups. The Guild believes that scholarships in their current form are nothing more than a 'band-aid' solution and a symptom of the inadequacies of real student income support.

Recommendations:

- *University and Government (non-fee waiver) scholarships should be income test exempt*
- *Increase student income support through appropriate welfare payments*

Student loans

The Guild would like to see the Government increase the current levels of support so that students can live everyday life without struggling to make ends meet. The Guild does not believe that students should fall into debt for simply pursuing academic studies, however there will always be circumstances where some students find themselves in dire financial need and therefore support measures need to be in place (emergency support). Instead of these students trying to obtain loans from commercial sources that charge high interest rates, a scheme can be developed that is more equitable than the recently abolished SFSS. A borrowed amount (with a set maximum) could be added to a student's HECS debt, which would make repayments income contingent with no real rate of interest, as advocated by Bruce Chapman. This type of loan would remove the need to repay the amount of income support that was sacrificed to obtain the loan (as was required in the SFSS).

Recommendation:

- *A new loan scheme which acts as an add-on to students' HECS debts, to replace the SFSS, for the purpose of emergency funding only (NOT to meet everyday living expenses which should be covered by student income support).*