



SUBMISSION TO THE

Senate Inquiry into Student Income Support 2004

Senate Employment, Education and Workplace
Relations References Committee

A handwritten signature in black ink that reads 'Daniel Hulme'.

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(Personal submission).

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Executive Summary

This submission addresses the following terms of reference:

1. Current measures for student income support, including Youth Allowance, Austudy and Abstudy, with particular reference to:
 - the adequacy of these payments;
 - the age of independence;

In doing so, this submission seeks to make the following points:

- (a) That the Federal Government should have taken account of issues of student income support as part of its Crossroads Review into higher education;
- (b) That the disparity between student and jobseeker income provides a disincentive to study; and
- (c) That the independence test is inappropriate.

Student Income Support and the Crossroads Review

The Department of Education, Science and Training has missed a valuable opportunity by not including consideration of student income support in the terms of reference of its recent review of higher education. There was certainly a case to be made for its inclusion. The discussion paper *Setting Firm Foundations* states that:¹

Indeed, a cause for concern is that the year-on-year attrition rate is on average 22 per cent, suggesting that for significant numbers who do gain entry the decision to attend university was, at least in the short-term, inappropriate.

The problem with this statement is that it makes a bold assertion about the reason for attrition when there has been no nation-wide evaluation of these reasons. The AVCC's *Paying Their Way* report stated that students' financial circumstances may be one such factor. Comments from respondents to the survey included:²

I cannot live and study effectively on Austudy. However I have little choice.

It is quite difficult to survive on Austudy and pay for textbooks, rent, etc.

My Youth Allowance payments are simply not enough when compared to my expenses. It is also very difficult to borrow money from my parents, as they are pensioners and together receive not much more than \$16,000.

It's hard to study full time on Youth Allowance. Parents only offer limited support. A lot of my friends dropped out due to their financial situation. How do you survey them? You can't. You have no idea how many students drop out because of cost.

¹ DEST, *Setting Firm Foundations*, 2002, p. 24.

² AVCC, *Paying Their Way*, pp. 40-41.

The opportunity missed by DEST is that of possibly achieving some of the outcomes the Department was setting out to achieve by increasing student income support. Whether changes to student income support payments or policy would have had an effect could have been determined by the Crossroads Review seeking to answer the following questions:

- What proportion of student attrition in higher education is due to financial circumstances?
- How do financial circumstances affect learning outcomes for those students who do not discontinue study?
- What loss do both these problems represent if measured in terms of dollars of public investment in higher education?
- To what degree can such problems be addressed through changes to student income support?
- Could better outcomes be achieved if some portion of the funds invested in Commonwealth grants to higher education providers were invested in student income support instead?

This final question is not a suggestion that funds be diverted from higher education to income support - I would suggest that both are under-funded - but rather that the distribution of available funds amongst these two sectors be considered more holistically.

The adequacy of student income support and related policy is often debated in the context of student poverty, yet changes to student income support could also be addressed in the context of better learning and retention outcomes and hence more efficient use of higher education funding. This relates to a rhetorical question Education Minister, Dr Brendan Nelson, was asking immediately prior to the Review:³

...if we're having a 30% attrition rate, you know people who aren't completing their degrees for some reason, is the solution to that problem to pour more of the taxes... in to the higher education sector itself?

In the context of the whole interview, it seemed the Minister was implying that this is not the solution. What the Minister never seemed to ask was: "is part of the solution to pour more (well-targeted) tax dollars into student income support?"

Given that there was unmet demand of up to 24,300 students in 2004,⁴ it is only fair to those qualified students who were turned away that any wastage of funds on those who were accepted is minimised. The solution to this wastage is not to criticise students who discontinue study by suggesting - as the Minister has - that they chose the wrong path.⁵ The solution is rather to investigate and address the causes of university attrition.

Disincentive to Study

Many students have observed the fact that Newstart Allowance (\$389.20-\$436.80 before income and assets tests) is greater than Austudy (\$318.50-\$417.40 before income and assets tests) and Youth Allowance (\$174.30 - \$417.40 before income and assets tests).⁶ This was eluded to by comments in *Paying Their Way*:⁷

³ 2UE, Interview with Mike Hammond, 18 January 2002.

⁴ Nelson, B., DEST Media Release, 30 April 2004.

⁵ Nelson, B., DEST Media Release, 22 January, 2002.

⁶ Centrelink, www.centrelink.gov.au, accessed 18 June 2004.

⁷ AVCC, *Paying Their Way*, p. 41.

I know people that have discontinued studies as they can get more money on the dole (than Austudy etc). This seems ludicrous, as people should be encouraged to get an education.

Such a disparity provides students with more incentive to look for work than to further their education. Other disincentives to study include:

- that rent assistance is not available under Austudy;
- that seeking the flexibility of part-time study will cause students to lose their income support.

The implication of such a policy seems to be that it is more productive for young people to simply seek employment than it is to further their skills and hence increase their employment opportunities.

Independence

Many students that I have personally spoken to cannot gain independence even though they are of adult age (18 years or older) and for all intents and purposes living independently. Nonetheless their parents refuse to support them and they struggle financially unless they can secure employment (which is not easy). Some of the reasons why a students' parents may refuse to support them financially may include:

- that they have chosen a course or institution their parents disapprove of;
- that they are in a relationship their parents disapprove of (such as a same-sex relationship, for example);
- that their parents insist on them being financially independent; or
- that their parents are just over the threshold for the Parental Income Test but still unable to support them financially.

I do not believe that society expects parental influence to continue until the child or children in question have turned 25. 18 years of age is the standard by which the Commonwealth Government deems its citizens responsible enough to make decisions about gambling, buying and consuming cigarettes or alcohol and viewing restricted films, yet we cannot be held responsible for our enrolment and study options?

The independence test that requires a person to be employed for at least 18 months for certain hours or income is no basis for assessing independence. Such a policy makes the suggestion that a person is more entitled to make decisions about employment independent of their parents than they are about study. Furthermore, it suggests that being in employment then qualifies a person to make independent decisions about study.

This attitude is contrary to the reality of student decisions about further study. In 2001, a majority of students aged between 15 and 19 (66%) went on to further study immediately after completing high school, whereas only 25 percent went on to employment. 31 percent went to university, 25 percent to TAFE and 10 percent to some other educational institution.⁸

⁸ MCEETYA, *National Report on Schooling in Australia*, 2001.