

**A SUBMISSION BY THE  
AUSTRALIAN EDUCATION UNION  
TO THE SENATE EMPLOYMENT, WORKPLACE RELATIONS  
AND EDUCATION REFERENCES COMMITTEE'S INQUIRY INTO  
STUDENT INCOME SUPPORT**



**June 2004**

**Authorised by:**

**Pat Byrne**  
*Federal President*

**Robert Durbridge**  
*Federal Secretary*

*Australian Education Union*  
Ground Floor  
120 Clarendon Street  
Southbank VIC 3006  
Telephone: 61 3 9693 1800  
Facsimile: 61 3 9693 1805  
E-mail: [aeu@aeufederal.org.au](mailto:aeu@aeufederal.org.au)

## **AEU SUBMISSION TO THE SENATE INQUIRY INTO STUDENT INCOME SUPPORT**

The Australian Education Union (AEU) is pleased to make the following submission to the Senate Inquiry into student income support in Australia.

The AEU represents 160,000 members across the spectrum of education provision in Australia and is vitally concerned and interested in the issues in the inquiry terms of reference. The AEU represents almost 12,000 TAFE teachers and a number of those teaching higher education courses and/or employed in dual sector institutions deliver both TAFE and higher education courses. Our members in TAFE alone can attest to the impact of inadequate student income support has on their students' ability to complete or even maintain their studies successfully. In addition AEU members in schools have concerns for income assistance available to students and families during their vital years of education.

In particular the AEU is concerned to ensure that all young people are able to access quality education and training opportunities at school age and beyond school whether that be through higher education or TAFE institutions.

The AEU supports the general comments made in submissions by ACOSS, the National Tertiary Education Union (NTEU) and the National Union of Students and we wish to make the following additional points.

## Introduction

The AEU is concerned that currently, and in the past, student income support has been at best neglected and at worst seen as an area of easy sacrifice for the sake of welfare budget balancing. That is, ideologically, students have been seen, by both governments, as somehow accepting of “interim poverty”.

Similarly, despite the fact that the higher education sector has undergone a substantial review process and multiple studies into student income/poverty have been conducted over the term of the Federal Government, little improvement has been achieved.

The AEU rejects the view that students’ living costs and study costs are a lesser welfare priority and this submission will attempt identify clear inadequacies of the current system and long needed areas for improvement. The AEU’s views (as identified in its policy on “Supporting the Young” 2000) on student income support reform, are to ensure that welfare support facilitates “the transition into full employment and economic independence.

The principles of a genuinely supportive income support policy should be that it:

- meets financial need;
- facilitates the development of appropriate skills and encourages appropriate training;
- supports growing independence and self-esteem;
- does not create poverty traps;
- does not discourage taking employment opportunities, even those that are short term;
- supports young people in a sensitive manner and enables them to make an on-going positive contribution to society.” (AEU, p6 2000)

There are essentially two parts to the AEU’s approach to the inadequacy of the student income support provisions as they stand. Firstly, students and the supporting families of students are poorly compensated for the costs of study and/or the necessity of living independently whilst studying.

This results in either: families’ financial circumstances being put under strain at a time of great need (and when students desire but many aren’t afforded their independence); or students being forced to live on payments well below their needs; or by forgoing the pittance offered to them via the welfare system students are instead forced to attempt to undertake full-time or part-time employment and thus their studies become their secondary rather than primary focus.

Secondly, in all of these resulting circumstances, the AEU is very much concerned that what occurs is an inability to prioritise LEARNING. Both anecdotal and research based evidence points to the negative effects of poverty on learning outcomes, and whether the strains are on families or the individual student, the pressure is placed on INCOME as opposed to academic success (where the value of education was once highly recognised).

Already, the affects of the Government’s higher education reforms will create a barrier to access for millions of young people in the years to come and to many older workers for whom continuing education and skills development is vital for sustainable employment and income generation. It is not possible to provide fair outcomes for all

when some people begin their education journey from a socio economically disadvantaged position.

Moreover, with the prospect of studying 'in poverty', indeed the notion of "debt aversion" has also been alive in the minds of current and potential Australian students, (well before changes/increases to HECS and loans' schemes became a reality). However as is now the case, (and added with the widely held view that student income support is totally inadequate), many many more Australian's be forced out of the education "market" before they even contemplate their desired place in tertiary study.

The AEU continually campaigns for public education to be placed and valued as the corner stone of democracy, as well as for the economic and social advancement of the nation. Whilst Governments de-prioritise funding for public education systems and welfare support for students, Australia will remain deficient in its responsibilities to the future of the country.

There is already a need for increased public investment in knowledge and skills development that not only adds to the competitive advantage of Australian products and services in domestic and international markets but also provides the basis for social cohesion, community development and democratic participation for all. However, without the ability for students to financially sustain their studies, and without risk to the quality of their learning and successful completion, investment in public education sectors will simply serve the already privileged and the notion of increased access will certainly fall victim to the majority's incapacity to participate.

The long term solution is to invest more in public education which is the most efficient and equitable method for preparing people for jobs, sustainable careers as well as economic and social advancement for the nation.

The main focus of this submission is on the inadequacy of current student income support, the cost of living/studying and the complementary issue of debt being a deterrent when contemplating further study and the impact on young people's futures – access, equity and independence.

## **Background**

The AEU policy on Youth, ("Standing with the Young") discusses income and financial support and states:

### **4.1 Youth Wages**

Youth wages should be based on the minimum award entitlements and include additional remuneration for competencies required to do the job.

The AEU will oppose the introduction and reduction of youth wages publicly and in other union forums such as the ACTU and state and territory Labour Councils.

### **4.2 Effects of Living in Poverty**

The AEU will seek the creation of special programs targeted at disadvantaged neighbourhoods, regions and communities in appropriate political and educational forums. Such programs would provide comprehensive support and:

- be based in low SES neighbourhoods, regions and communities;
- involve strong local and community elements;
- be enabled by government funding;
- combine industry policy, job creation, job placement, skills training;
- provide increased community welfare support and services;

- identify appropriate target groups within that area;
- and be underpinned by a long term Education Equity Program, involving Full Service Educational Institutions which place the school and other public education settings at the heart of the community and integrate the total approach.

### **4.3 Financial Support**

Financial support needs to be both constructive and flexible to facilitate the transition into full employment and economic independence.

The principles of a genuinely supportive income support policy should be that it:

- meets financial need;
- facilitates the development of appropriate skills and encourages appropriate training;
- supports growing independence and self-esteem;
- does not create poverty traps;
- does not discourage taking employment opportunities, even those that are short term;
- supports young people in a sensitive manner and enables them to make an on-going positive contribution to society.

The AEU rejects Mutual Obligation, Work for the Dole and regulations around the Common Youth Allowance as they are currently implemented as punitive and counter productive. It will discourage members from being involved in the supervision of work for the dole schemes, and support members who refuse to supervise such programs.

The AEU, however, believes that all people have a right to high quality public education and training and will support income support policies which encourage participation in appropriate training and skill development, and which are designed to lead unemployed young people into ongoing employment. Such education and training programs must be fully government funded and provided through public education systems.

The AEU also calls for a period of national consultation with interested parties, and particularly young people and youth groups to develop a program which meets the principles listed above.

...

### **6.4 Dependence on Parents**

The AEU calls for governments to ensure that the age of independence in regard to government support is set at the legal age of independence.

In particular, provisions of the Common Youth Allowance should be reviewed, as should the age at which tertiary students are considered independent and attract independent government support.”

# Submission

## **INADEQUACY OF CURRENT STUDENT INCOME SUPPORT**

The AEU believes that the current student income support payments, in both structure and amount, are inadequate. As many submissions to this inquiry will show, students attempting to live on government support alone, and indeed even those forced to work part time to supplement the inadequacy of their income, are living below the Henderson Poverty Line (and other poverty indicators). Further, the anomalies within the welfare system sets students up to unnecessarily be a financial burden on their families, and/or compromise their education and/or act as a disincentive to learn, as well as reduce them to an piecemeal existence in poverty.

Specifically, Youth Allowance requirements unrealistically discourage independence until age 25, assuming families can/do support their children while studying. Many students are forced onto Newstart for a liveable income and therefore compromise their education – the disincentive to study while on Newstart. And Austudy, which was intended to be the mechanism for government assistance to those individuals and families whom need support the most, (while attempting to establish a prosperous life through acquisition of knowledge skills), is the hardest payment to access, yet has the most disincentives to study - like the lack of Rent Assistance or access to Health Care cards.

The AEU believes, that at the bare minimum improvements to student income support as it stands, should include (as ACOSS also argues); an increase in payments as indexed TWICE yearly; to reduce the eligibility for part-time students on Youth Allowance and Austudy from 75% of a fulltime load to possibly 60% (to accommodate the real life responsibilities of part-time students); lower the age of independence from 25 to 21 with an aim for 18 within the next 3 years; lift the parental income test threshold from \$28 150 to be at least in line with the HECS repayment income determination of \$35 000; and to allow Austudy recipients eligibility for Rent Assistance and Health Care Cards.

### **Poverty and Systemic Failure**

It is commonly accepted that many students experience financial hardship during their years of study. The true extent of students' poverty however should be reason for the Federal Government to act immediately in the area of income support. In addition, the inadequacy of current payments must take the following into account:

- students' capacity to earn a 'liveable wage' by working part-time whilst studying
- students' desire for independence, when financial capacity is enabled

- students' desire to study full-time, when financial capacity is enabled
- students' capacity to earn a 'liveable income' on other welfare payments by not studying full-time
- students capacity to learn and study to their full potential without being constrained by financial hardship or poverty.

It would be true to say, that many students', in their criticism of student income support currently available, feel they are unable to prioritise their education for lack of financial stability, and that if their income (via government support) could at least be averaged to potential earnings working part-time, the incentives to complete secondary studies and to seek further education would not only increase their future life opportunities but in turn benefit the country in becoming a knowledge economy.

ACOSS (2004, p6) compares the Henderson Poverty Lines and social security payments for students and their figures show how "students' payments lie between 63% and 82% - well below the poverty line."

However, the Foundation for Young Australians' commissioned report "Profile of Young Australians" discusses, amongst other aspects of poverty and financial hardship, young peoples' capacity to earn and how this might expose inequities in both the Australian workplace, as well as correspondingly, the welfare system. According to the report, participation in the workforce increases with age, with young people's earnings reflect this trend, as 2001 ABS census data indicates "the peak earning bracket for young people 15 to 19 years was \$40 to \$79 per week whereas for 20 to 24 year olds, it was \$400 to \$499 per week." (Pitman, ch4, 2004, p11)

However, up to age 25, young students, if eligible, can only receive Youth Allowance (or Newstart if they are unemployed) which pays \$318.50 per fortnight with no access to rent assistance and indexed only once a year to CPI - approximately 35% less than if they worked. In 2001, 304,680 students received the Youth Allowance, the Foundation for Young Australians says. "Over three-quarter of Youth Allowance recipients were full-time students (78.9%) while the remaining 21.1% were unemployed." (Pitman, ch4, 2004, p13)

The incentive NOT to work whilst studying though is clear – to be able to focus on achieving the best results and to set up ones future, but this is at direct odds with the experience that trying to support oneself on student income support alone is near impossible considering the poverty factor. Nevertheless, the benefit of even a few hours additional part-time work to supplement income support yields little when the systemic poverty traps are considered,

meaning that to receive the full Youth Allowance benefit a student needs to earn less than about \$110 per week. Above this limit the allowance is progressively reduced by between 50 to 70 cents in the dollar. “In other words, the financial disincentives for students to work more than around eight hours a week are strong and the outcome is that many students are left in a financially precarious position.” (Pitman, ch4, 2004, p13)

The concept of the incongruence of Youth Allowance, Austudy and Newstart will be further discussed in the submission, as well as the vast numbers of students forced into dependency on their parents when it is not desired nor feasible. However, looking at the numbers of students accessing Youth Allowance as independents a picture starts to form.

“Students on Youth Allowance made up 23.3% of the student population under 25 years in 2000. Full-time students were more likely to be on Youth Allowance (29.7%) than part-time students (2.5%). Just over one in five full-time students were receiving government support on an independent basis, while 15.8% were classed as dependents. Just over half the students (53.3%) had not applied to receive any income support, with the main reason being their own or their parents’ income level or assets.” (Pitman, ch4, 2004, p13)

This can be viewed as illustrating two versions of the system. That a minority of students require financial assistance and that similar numbers of full-time students are independent as dependent, and most students’ parents are financially capable of supporting their children’s study years. Students *themselves*, however, indicate a very different reality – criteria for independence needs to change, part-time students can’t access income support under current arrangements and parent income testing overestimates parents’ disposable incomes.

The ACVVs 2001 report, “Paying their Way” found that students who were not eligible for Youth Allowance or Austudy *wanted* broader eligibility for the programs, they said:

*“I wish I could get Austudy so that I could work a little less and thus sacrifice less schoolwork.*

*It's too difficult to receive a government payment that I need! I'm working the hours of a full time employee and studying full time.*

*Austudy and Centrelink payments shouldn't be based on parents' income or assets if a student is working no matter what their age. Because I cannot receive assistance, I have to skip classes to work and support study.*

*I think financial assistance should be more wide spread for students. Many students need to work to get through uni, and any sort of assistance be that financial, flexible class times or flexible work times would be a great help.”* (Long et al, 2000, p15)



In addition to the inadequacy of the payments and conditions themselves, the gaps and inequities between in the student income support and other welfare payment options further exposes systemic failure that is not lost the student population. There is a sharp distinction between payments for full-time students (Austudy) and unemployed people (Newstart) which in fact act as a disincentive to study – a gap that must be closed for equity reasons. However, regardless of the inequity, a welfare system with such anomalies will become increasingly obsolete, “as jobless people with limited education and skills are encouraged to engage in lifelong learning. More jobless people will be encouraged to combine education and job search, or undertake periods of full-time further education, ” as ACOSS warns (2004, p15).

“Paying Their Way” (Long et al, 2000, p4) also drew such conclusions, finding “the lack of rent assistance (available to recipients of unemployment benefits and to some Youth Allowance beneficiaries) for Austudy recipients was a recurring theme:

*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.*

*Difficult to live on Austudy alone without working. It would be good if the government subsidised rent assistance like Newstart. There's no encouragement to study.”*

The AEU supports the need for closer integration of unemployment and student payments, particularly those recommended by ACOSS, mainly requiring “changes to activity requirements for full-time students including:

- a relaxation of the rigid full-time academic participation requirements for Austudy, so that jobless people can undertake part-time study and job search, or sequences of job search and study;
- a greater emphasis on educational outcomes and less emphasis on the institutions through which these are pursued (for example, so that adults can undertake "second chance" education in high schools or TAFE equivalents);
- giving consideration to replacing the current limits on the number of years people can be paid while completing a particular course with a lifetime limit on the number of years in which people can be paid to undertake post-compulsory education.”(ACOSS, 2004, p16)

More specifically, an example of the inequity between payments shows how “a single age or disability pensioner receives **\$464.20** per fortnight plus additional health and other concessions.[They are required] no activity/compliance tests, and the payment is indexed

twice yearly to the larger of the Consumer Price Index (CPI) or the increase in Male Total Average Weekly Earnings MTAW. Rent assistance may also be available if in private rental accommodation.

A single adult unemployed person receives **\$389.20** Newstart per fortnight, indexed twice yearly to CPI, activity tests are compulsory, [and] taper rates are harsher. Rent assistance may be available.

A student on Austudy (25 +) receives **\$318.50** per fortnight with no access to rent assistance and indexed only once a year to CPI. More generous income testing arrangements than apply to unemployed.” (ACOSS, 2004, p8)

The inbuilt disincentives to moving off a pension to Newstart, and from Newstart to education are clear. However, then when contrasted to Youth Allowance, recipients are faced with further challenges and neglect. An 18 – 24 year old on Youth Allowance receives \$318.50 per fortnight (if living away from home) while a person living at home receives **\$209.70** per fortnight (noting under 25s living with their parents are unable to get rent assistance). Youth Allowance is indexed to CPI only once a year on 1 January.

ACOSS (2004, p8) rightly assesses that there is “no real logic to these differentials, especially considering the basic costs of living (food and shelter) that each will encounter are likely to be the same. Further, the costs of disability or housing are not factored in, in any meaningful way. The costs associated with meeting activity and mutual obligation requirements or of undertaking education also remain largely unacknowledged. The different indexation regimes for pensions, allowances and student payments also mean that the gap between the different types of payments will only continue to increase unless action is taken to redress the balance.”

AEU therefore agrees that the base rates of payment for adult students and away from home rates of Youth Allowance, should be progressively raised to pension levels. Namely to Bring Austudy rates into alignment with those under Newstart and to progressively close the gaps between the single rate of Newstart and away from home rates of Youth Allowance, starting with an increase of \$20 per week in the first year, and moving to \$40 per week in the second year.

## **The Burden of ‘Independence’**

The reality of young people’s lives over the last 40 years is that independence is not only desired but broadly speaking much more easily facilitated than the bygone era which determined marriage as the major catalyst for moving out and financial independence. Today adulthood and financial independence for young people over 18 years is implicit in many laws enabling driving, drinking, voting and specifically the Child Support and Family Law Acts, assume financial independence at this age. However, “this is at odds with the assumption of parental dependence until 21 years if unemployed and 25 years if studying full-time, made in relation to the Youth Allowance.” (Pitman, ch4, 2004, p10) Unfortunately this acts as a significant barrier to obtaining a liveable income as a so-called ‘dependent’ as well as placing unnecessary pressure of families.

This concept of parents’ inability or reluctance to assist financially children while studying is evidenced in the Foundation of Young Australian’s “Profile of Young Australians”:

“The premise underlying the Youth Allowance that parents will assist their children financially does not necessarily follow through in reality. The survey identified a significant gap between parents expressed willingness to provide a range of financial and other support and the extent to which that support was provided. Just over half the students (52%) reported that their parents did not give them money. 60% of parents reported that they gave their children money with only 16% of these parents saying that the payments were regular. Most parents whether they gave money regularly or occasionally, gave under \$50.” (Pitman, ch4, 2004, 15)

This incapacity to pay is not necessarily due to parents being miserly, but because Centrelink’s unrealistic assessment of families’ income and assets sets families up for financial hardship. Youth Allowance, as means tested with full benefits being available if the parents’ income is less than about \$25,000 p.a. and with the exact amount linked to the number of dependent children, involves the notion that students’ entitlement cuts out when their parents earn around \$41,000 p.a. This is a ludicrous determination of ‘affording’ the costs of institutional fees, books and other study costs (combined with other multiple household/living cost pressures) for their teenagers and young adults.

Therefore the AEU believes that these independence rules act as a disincentive for families whose children need or want to move away from home to study or work. Where students themselves have little or no control over their parents’ willingness or capacity to support them continuation of study may be removed as a realistic option.

## **COSTS of (to) EDUCATION**

As already discussed the effect of current income support measures on students and their families, is to forgo independence, compound existing financial hardship, and force students to work longer hours, and potentially skip classes thus sacrifice/fail subjects. The Senate Committee wishes to investigate the costs of education and impact on equity. This aspect of the AEU's submission will focus however, on the costs of education in the sense of the impact of housing costs, debt, learning outcomes and equity lessons from abroad.

In 2000, single people had the second highest rate of poverty, with over one in five young people living away from home were living in poverty when their housing costs are taken into account. (Pitman, ch4, 2004) Despite this, young people under 25 are the third largest group receiving Rent Assistance which is targeted at low income people on a social security benefit.

Students on Austudy and dependent Youth Allowees aged 16-24, however are currently ineligible for Rent Assistance. The AEU believes that this is inequitable and unsustainable if the message we, as a nation, wish to send to young people is to value education and strive to prosperity. This financial housing assistance, as most financial barriers usually are, is a powerful factor in young people's decisions to continue studying.

“In 2000, 81,569 young people aged 15 to 24 years received Rent Assistance....In a survey of 2,500 young people on Youth Allowance and Rent Assistance, 29% said the Rent Assistance was a major consideration in their decision to study and 23.3% said that without the Rent Assistance they would not have been able to undertake their course. Rent Assistance was most likely to have been of major importance for students who had moved from homes in rural or remote locations (39.8%). On the other hand, students were most likely to say that the Rent Assistance did not assist in keeping them in education when the amount received was under \$21 per fortnight (22.4%)” (Pitman, ch4, 2004, p25)

Without Rent Assistance, singles under 25 were three times more likely to be paying 40% of their income in housing costs than young people living in group households, and four times more likely to be paying half or more. (Pitman, ch4, 2004, p25)

The AEU believes that Rent Assistance must be extended to these two groups of students.

Further, ACOSS (2004, p28) agrees with others in the education sector (the AEU, NUS and CAPA) that debt aversion appears to be “a significant factor in low income families decisions over whether their children will undertake higher education, especially where neither parent has a tertiary education.” In their 2003 higher education funding submission to the committee, its also noted:

‘Another important dimension to undertaking a university education is the ability to be able to support oneself, or have financial support, while studying. With forty-one per cent of high school students from low-income families believing their families could not afford the costs of supporting them at university, policies relating to income support and scholarships are significant.’

The financial burden on families at times of study is exacerbated if they are deemed ineligible for government assistance. It’s demonstrably devastating that “young people whose family income is just above the cut-off point for Youth Allowance are potentially even more disadvantaged in terms of educational opportunities....[So if family or government support is unavailable or inadequate, what suffers is learning]... The amount of time students overall are working is increasing with potential detrimental effects on their study. [Added to the consideration of a Higher Education Contribution Scheme (HECS) debt, this]... does constitute a significant liability for young people at a point in their lives when they are likely to be wanting to establish themselves financially and in terms of family formation.” (Pitman, ch4, 2004, p4)

Considering debt aversion and educational costs among part-time students, however, shows nearly a third gave ‘lack of income support’ as either their first or second most important reason for studying part-time. The AVCC report on student income support found that “in all, financial circumstance permitting, more than half (54.0%) would prefer to be studying full-time. [And that] there is consistent evidence of financial barriers to full-time study. Students who would prefer to study full-time, finances permitting were from low socioeconomic family backgrounds; had applied for, but been refused, government income support; were either financially independent or financially dependent on a relatively low income earner; had taken a loan to continue study; had a deficit budget; and had not paid course fees up-front. Taken together, these form a picture of substantial demand for full-time study that cannot be met because students simply cannot afford to study full-time.” (Long et al, 2000, p12-13)

Even more damning of the system is the considerations of rural and regional families, made within the DEST commissioned report “Factors impacting on student aspirations and expectations in regional Australia”. A teacher and parent discussion within the report

encapsulates many of the obstacles and opportunities regional students' experience, but the AEU believes can be applicable across the board. The report found the commitment to study of many young people from rural areas, as the AEU also sees in schools and TAFE, is itself influenced by the encouragement of parents and the value they placed on education, and sits uneasily beside the challenges of maintaining the life of a student in a distant place, both for the family and the students themselves. These challenges can not be taken lightly.

“T: That for us is really difficult and we, I have to work, there's no Austudy for my children. They struggle in Melbourne, trying to find jobs and at the same time attend uni. But they had the aspiration, they had the dream to go on and do more than just stay in this small community because they've got my background and my husband's background and we're not from this region. So we've come in with eyes opened and shown them other parts and other ways of doing things. And so we've challenged and they've been highly motivated to be achievers.

I: If you didn't have two parents working, how can you do it?

T: It's too hard, it's a huge cost. We've had to find accommodation for both of them. There's no Austudy. There's no government assistance at all. We've got to hand them out pocket money which they loathe since they're still dependent on us for pocket money. So then they find jobs then that sort of takes into their uni time. It's really unjust. (Victoria teacher/parent)

The material cost of moving to take up further work or study opportunities was the main obstacle identified in the focus group discussions. It was a significant concern for students, both for what it meant for their own independence and the pressure to find work, but more importantly for its impact on their parents.” (Alloway et al, 2004, p199)

The AEU believes the challenge of finding sufficient material resources to support students' and families/communities aspirations is clearly a pervasive concern in all educational settings.

### **Sacrificing learning/study outcomes – poor education forced by poverty:**

Of crucial importance, is that were students need financial assistance and are experiencing hardship, their opportunities to obtain a quality education are not impeded by their disadvantaged financial position – this is why income support systems in Australia MUST be amended and extended. According to Pitman, (ch 11, 2004, p22) “most students work while studying at university whether or not they are on a Youth Allowance (76%). The percentage of full-time students who worked in 2000 during semester is 72.5% with the great majority either working casually (48.9%) or part-time (20%). A small percentage worked full-time (3%). Part-time students were more likely to be working (88.7%) with more than half

working full-time (52.6%).” This time attempting to support themselves, is time out of study or a potential burden on top of study requirements.

The AEU is concerned that despite studies indicating that financial circumstances are impeding the decisions and desires to study full time, that almost half of the part-time students (47%) interviewed “had been influenced in their decisions to study this way by financial circumstances. Fitting in with employment was the most likely reason given for studying part-time (56.5%), particularly for males. Family commitments were more likely to be cited by female students (18.9%) than males. Only 12.6% of young people gave lack of income support as the main reason for studying part-time but a further 18.1% stated it was the second most important reason for them....Overall, just over half the part-time students indicated a preference for full-time study if their financial circumstances had allowed them to do so.” (Pitman, ch11, 2004 p23) The AEU believes that if those students wishing full time study were financially enabled, and those requiring the capacity for part-time study were also supported, Australia would benefit from an equitable and knowledge based society.

Increased time spent working can potentially have an adverse impact on study and a significant number of students indicate that this was in fact the case. In 2000 Pitman, (ch11, 2004 p22) found that full-time students “worked an average of 14.5 hours per week during semester compared to around 5 hours per week in 1984. Part-time students worked an average of 32.4 hours per week during semester. 19.3% of students thought their studies had been affected ‘a great deal’ by the hours they worked while a further 56.6% felt their studies had been ‘somewhat’ affected.”

The AVCC report concurs that classes are missed ‘frequently’ by 7% of students was because of their paid employment and a further 21.3% miss classes ‘sometimes’ because of their paid employment -- jointly more than a third of the undergraduate student population. In terms of Australia’s undergraduate population, these percentages represent about 33,900 and 103,000 students respectively.” Long does note that the more hours of work, the greater the adverse effect on study. (Long et al, 2000, p14)

It is no surprise therefore that a recent article by Matthew Thompson (18/3/2004), in the Sydney Morning Herald reported that “many university students do not even see out their three or four years before jumping ship. Of the 230 000 students who started at university this year, 40 per cent will drop out by the year’s end, according to the Federal Department of Education.”

## Lessons from NZ

With the incidence of failure or those simply choosing that study is not an option for many potential Australian students, it is worth briefly heeding the warnings of how other Governments' reforms to education, and how increasing the costs of education (whether of direct study or living whilst studying) can have debilitating and resonating effects for the population and a nation's economy. New Zealand provides such an example.

In response to ongoing studies and surveys of the impact student debt/loans have had on NZ graduates, the effects of repayments and their necessity to escape debt is startling. Respondents noted the effect of repayments on other expenditure and the expectation that "after years of poverty as a student that they could expect something better now that they were employed, than to still be scrimping and saving to make ends meet. Yet that was not the case for many of the respondents:

*(My loan) has decreased because I have worked up to 3 jobs at one time since graduating to pay it off. Am now working 2 jobs. It's terrible. A lot of the debt ...is interest accrued while studying. Almost 3 yrs after graduating, I don't seem to have any more money to spend or be any better off financially....*" (Matthews, 2001, p34)

The joint New Zealand University Students Association and New Zealand Educational Institute report showed over a quarter (28.48%) of the respondents had considered leaving teaching because of their loan and two thirds (66.46%) of the graduate teachers noted vehemently that they were had considered leaving the country because of their student loans. Sometimes this was to escape the loan and other times it was to seek higher pay to pay it off more quickly:

*"That I'll never be able to have children or own a house. The interest going on all the time. I feel as though I'm going NOWHERE in NZ as a teacher (ie I feel like a LOSER). I've decided to go overseas to pay it off. (England, Japan). I have no desire to return to NZ. I feel I owe this country nothing. Can't have children until I am financially secure, could be 10-15 years away. Teaching is NOT very well paid, and the hours worked don't make it a lucrative profession. Am leaving in early August - one way. I feel excited about leaving NZ, paying off my student loan, and for the first time being able to save for a deposit on a house. It will take 16 years with this 10% system. I'm hoping to have it paid within a year of teaching in England. Absolutely NO incentive to stay in NZ. And no burning desire to return."* (Matthews, 2001, p35-36)

In Australia, the ever increasing teacher shortage, in itself, should provide Australian governments incentive to heed NZ's warning of the detriment in raising education costs and/or the living costs of students, without appropriate income support. For the sake of all



students, secondary or tertiary, the same support must be ensured for those in need, for the future of the economy as well as the prosperity of the majority.

## **CONCLUSION**

The AEU believes that the principles of a genuinely supportive income support system should meet financial need; facilitate the development of appropriate skills and encourages appropriate training; support growing independence and self-esteem; does not create poverty traps; does not discourage taking employment opportunities, even those that are short term; supports young people in a sensitive manner and enables them to make an on-going positive contribution to society. The Australian system of student income support fails on each of these counts.

In terms of students' and young people's futures, access and equity and independence are of imperative importance for adequate income support measures to enable the achievement of equitable access to education. This submission unfortunately could not detail the exhaustive and incredibly prohibitive additional barriers to educational access that are implicit within income support payments, particularly that of Abstudy recipients. It is the understanding of the AEU however that many other submissions to this inquiry, draw out, in detail, such significant inequities and where they place the full participation and full cultural as well as financial needs of Indigenous students first, the AEU supports such advocacy.

Further, the AEU has not specified particular recommendations, except as within the submission's commentary. Clearly, however the thrust of this submission places the challenges on the areas of: parity with other Centrelink payments with an aim to be brought up to a level at least above the Henderson Poverty Line; an increase of the parental income/assets test to reduce the burden on families; enable age of independence criteria to reflect the legal age of 18 as with most other areas of law; extend Rent Assistance to Austudy recipients and increase the availability of income support to part-time students (60%).

The AEU thanks the Senate Committee for the opportunity to feed into this timely review of income support to students, at a time when educational costs are creating clear disadvantage rather than enabling greater participation and a vital investment into the future of Australia. Public education is our future and the AEU believes it is the fundamental right of every Australian to access quality life-long learning. We hope this Committee's findings concur and that Government action can facilitate this as a reality.

## **REFERENCES**

AEU, (2000), **“Policy on Youth: ‘Standing with the Young’”**, As adopted at the March 2000 Federal Executive.

Alloway, Prof N., Gilbert, Prof P., Gilbert, Ass Prof R. and Muspratt, S., (2004) **“Factors impacting on student aspirations and expectations in regional Australia”**, James Cook University.

ACOSS, (2004), **“Proposals for Reform to Student Income Support”**, Submission to the Senate Employment, Workplace Relations and Education References Committee’s Inquiry into student income support.

Long, M. and Hayden, M., (2000) **“Paying Their Way: a survey of Australian Undergraduate University Student Finances”**, AVCC.

Matthews, R. (2001) **“Teachers’ Student Debt Casebook”**, NZUSA & NZEI Te Riu Roa.

Pitman, S., Herbert., Land, C., and O’Neil, C., (2003) **“Profile of Young Australians : Facts, Figures and Issues”** The Foundation for Young Australians.

Pitman, S. (2003), ‘Participation in Further Education, Training and Work’, Chapter 11 in Susan Pitman et al, **“Profile of Young Australians: Facts, Figures and Issues”**, The Foundation for Young Australians, Melbourne.

Pitman, S. (2003), ‘The Financial Circumstances of Young People’, Chapter 4 in Susan Pitman et al, **“Profile of Young Australians: Facts, Figures and Issues”**, The Foundation for Young Australians, Melbourne.

Thompson, Matthew, 2004, **“Uni graduates go back to school for work’s sake,”** March 18, Sydney Morning Herald. <http://www.smh.com.au/articles/2004/03/17/10179199293198.html>