

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

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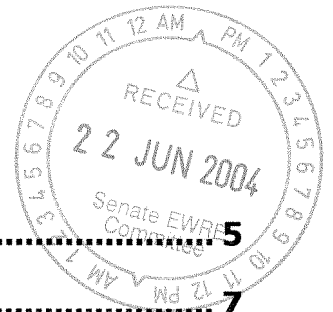
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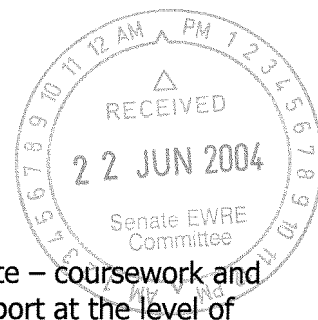
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List of recommendations

1. ACUMA recommends that all students (undergraduate and postgraduate – coursework and research) qualifying as independent be entitled to student income support at the level of an Australian Postgraduate Award (APA), currently \$18,484 per year and income-tax free.
2. ACUMA recommends that the age of independence be brought into line with community expectations and legal entitlements. 18 is generally accepted throughout Australia as an age at which teenagers become adults and are granted adult rights and undertake adult responsibilities.
3. ACUMA recommends that the Parental Income Test Threshold be made applicable only to students aged 16 or 17 who are residing in the parental home. Students aged 18 or over should be considered independent adults for all income support-related considerations. Further, the income test threshold should be raised to the level of the average wage for a full-time male worker.
4. ACUMA recommends that housing/accommodation assistance be included in the payments made to all independent students, based on the amount that they pay in rent, board or mortgage.
5. ACUMA recommends that the text book subsidy scheme be immediately re-instated.
6. ACUMA recommends that the income test for the partners of student be abolished.
7. ACUMA recommends that all full-time tertiary students be granted Commonwealth Health Care Cards
8. ACUMA recommends that adequate student income support be extended to all independent students, thus removing the necessity for implementing any further loan schemes that will contribute to rising student indebtedness.
9. ACUMA recommends that programs be put in place to raise participation rates of people from designated equity groups to the level corresponding to their population share.
10. In keeping with the notion that tertiary education is an investment by the Federal Government in the knowledge capital of the nation, ACUMA recommends that a simple, easily administered solution is to extend the Australian Postgraduate Award (APA) scheme, with some modifications, to include undergraduate and postgraduate coursework scholarships. Using the same guidelines as the APA , Australian Undergraduate scholarships would:
 - Provide a liveable income (current APA level is \$18,484 pa, the Henderson Poverty Line for a single person is \$15,423 pa)
 - Include limited working hours during study time (an APA stipulates no more than eight hours outside employment, Monday-Friday)
 - Be tax free
 - Include leave provisions
 - Be for a limited duration, with the possibility of intermission (an APA is currently available for 3 years with the possibility of a six month extension, and up to twelve months intermission)

Introduction to ACUMA

The Australasian Campus Union Manager's Association (ACUMA) is pleased to offer this submission to the Senate Inquiry into Student Income Support. ACUMA is the association for staff employed within principal service providers of universities, TAFEs, institutes, polytechnics and other tertiary education institutions unions, student associations and guilds on campuses throughout Australia and New Zealand.

ACUMA was initially set up by General Managers in 1992. During 1994 ACUMA was expanded to incorporate not just General Managers but all senior staff of Australian and New Zealand university unions and colleges (TAFE's or polytechnics in particular) unions, student associations and guilds. ACUMA is a body that embraces both Australia and New Zealand members of staff engaged in work for campus service organisations. Currently ACUMA has 67 member associations.

The aims and objectives of ACUMA are to:

- facilitate communication between members
- arrange meetings, seminars and conferences for members
- produce newsletters and other informational material for members
- promote and support the interest and welfare of members
- liaise with other bodies with similar objects.

ACUMA's mission is:

"To foster excellence in campus service organisations to enhance student life."

In preparing this submission, ACUMA has consulted with a number of student associations and drawn conclusions from these consultations.

TOR 1. Current measures for student income support, including Youth Allowance, Austudy and Abstudy, with particular reference to:

Adequacy of Payments

ACUMA's consultation with student associations demonstrates one fact clearly: students are inadequately supported by current student income measures.

An ACOSS analysis of social security payments (2001) showed that students relying on Youth Allowance (18-24 years old) were 17% below the Henderson poverty line, while adult students (over 25) were 36% below the poverty line.¹

The Bendigo Student Association undertook research into "Student Experience of Poverty at La Trobe University" in March 2000, and found that:

- 62% of respondents were restricted in the purchase of study materials due to financial circumstances.
- One quarter of respondents could not afford to run heating when required.
- One third of students ate inadequately due to financial hardship with a significant number of rural students often going without food.
- 29% of all respondents miss class due to being unable to afford the cost of travel.
- 40% of Bendigo students surveyed felt that their financial situation had an adverse effect on their ability to study.²

Students disproportionately affected by Commonwealth income support measures include:

- Students with spouses – the spousal income test particularly disadvantages women with partners and children who wish to further their education.
- Students living away from home who do not qualify for an independent rate of support
- Students whose family assets deny them access to income support – when these assets comprise farm or business capital that may not be returning a profit
- Students from rural and isolated backgrounds and other debt adverse groups

Students are the future professional resource of Australia; the students in tertiary education today will be the leaders of the future. They will contribute skills, knowledge, research, new initiatives and ideas, and higher levels of taxation to Australia and thus their education is an essential investment for the nation. Students have all the adult responsibilities and time-pressures of full-time employment, with none of the fiduciary benefits of paid work.

On behalf of our member organisations ACUMA asserts that this situation is unacceptable.

¹ Australian Council of Social Services (ACOSS) (March 2001) *Analysis of social security payments and Henderson Poverty Lines for the March 2001 quarter*, ACOSS, <http://www.acoss.org.au/info/2001/304.htm>, accessed May 2004.

² *Student experience of Poverty at La Trobe University*, Report to the Student Services Advisory Group, March 2000

RECOMMENDATION

1. ACUMA recommends that all students qualifying as independent (undergraduate and postgraduate – coursework and research) be entitled to student income support at the level of an Australian Postgraduate Award (APA), currently \$18,484 per year and income-tax free.

Age of Independence

In all consultations with ACUMA, student associations agreed that the “age of independence” for student income support is inequitable and inconsistent. This is the only area of life where a person must be 25 years of age to qualify for adult independence.

The age of adulthood in Australia is generally regarded as 18, and all other markers of adulthood are granted at this age. However, family assistance payments cease when a child turns 16, unless they are in full-time schooling. This artificial and unreasonable ‘age of independence’ assumes that parents are not only able, but also willing to support their adult ‘children’ through tertiary education. This is manifestly not the case, as confirmed by a study showing that, of those people surveyed, most young people received no money from their parents, and of those that did, most received only occasional emergency payments³

RECOMMENDATION

2. ACUMA recommends that the age of independence be brought into line with community expectations and legal entitlements. 18 is generally accepted throughout Australia as an age at which teenagers become adults and are granted adult rights and undertake adult responsibilities. ACUMA further recommends that eligibility for independent status be granted automatically on application.

Parental Income Test Threshold

The parental income test threshold is applied to all persons who are under 25 and who have not proved independence according to the Centrelink criteria.

Youth Allowance begins to decrease when the combined parental income reaches \$28,150. The average annual income in Australia in 2004 is \$49,348, according to the Australian Bureau of Statistics (ABS).⁴ Thus student income support begins to cut out at a level far below average earnings.

As higher education provides an important pathway out of poverty/low income spirals, ACUMA believes that adequate student income support schemes for low and middle-income families are essential.

³ Luteria, M., Bourne, J., *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, July 24-26, 2000, p. 11.

⁴ *quoted from:* <http://www.aph.gov.au/library/pubs/mesi/mesi21.htm> accessed June 2004.

RECOMMENDATION

3. ACUMA recommends that the Parental Income Test Threshold be made applicable only to students aged 16 or 17 who are residing in the parental home. Students aged 18 or over should be considered independent adults for all income support-related considerations. Further, the income test threshold should be raised to the level of the average wage for a full-time male worker.

Ineligibility of Austudy recipients for Rent Assistance

Austudy recipients do not receive rent assistance as part of their benefit. This makes Austudy the only Centrelink payment to an adult that fails to assist with accommodation costs.

RECOMMENDATION

4. ACUMA recommends that housing/accommodation assistance be included in the payments made to all independent students, based on the amount that they pay in rent, board or mortgage.

TOR 2. The effect of these income support measures on students and their families, with particular reference to:

The increasing costs of higher education

Many aspiring students are becoming increasingly priced out of the higher education market, a fact that reflects poorly on Australia's future as a "knowledge nation". When the major factor between those who can access tertiary education and those who cannot is the ability to pay more money, merit as a basis for selection is clearly compromised.

Student Associations recount many case studies of students suffering stress and poor nutrition, engaging in sex-work or black-market work and even forced to sell personal possessions simply to be able to continue their studies. Current research indicates that *"improving the academic success and health status of poverty affected students will contribute to the social and economic development of the nation and help Australian society to be more socially just and ethical"*.⁵ Decent income support for tertiary students should be of the highest priority.

After paying for rent, food, travel, clothes, gas, electricity and telephone, students still have to support their study. The price of university textbooks can range from \$80 to \$500 each. While many university book shops are run by student associations who attempt to provide as much of a discount as they can, the Educational Textbook Subsidy Scheme provided welcome relief from \$6.40 to \$40 per book. For people living well below the poverty line, these small amounts of relief are vital.

RECOMMENDATION

5. ACUMA recommends that the text book subsidy scheme be immediately re-instated.

Students being forced to work longer hours to support themselves

*"The current social security system for students and unemployed people is not working and not fair."*⁶

The Federal government spends \$43 million per day on the military, more than twice what it spends on higher education and research.⁷ ACUMA believes that students undertaking full-time study need the time and money to study and move towards professionalism without unnecessary financial stress.

An important study undertaken on behalf of the AVCC entitled *Paying their Way*⁸ found that almost three quarters of the students surveyed were working an average of 14.5 hours per week in paid employment. The study also found that this situation was having profound implications for students, with over 30% of full time students surveyed stating that they were missing classes

⁵ Lloyd, D & Turale, S, *New conceptions of student neediness and directions for better responses*, paper presented to AARE 2001, <http://www.aare.edu.au/01pap/tur01514.htm>, accessed June 2004.

⁶ ACOSS President Andrew McCallum, *press release*, June 15, 2004, quoted from http://coss.net.au/news/acoss/1087186202_560_acoss.jsp?subsitem=acoss, accessed June 2004.

⁷ Anne Picot, *Green Left Weekly*, March 10, 2004.

⁸ Long, M & Hayden, M (2000) *Paying their way: A survey of Australian Undergraduate University Student Finances* Australian Vice-Chancellors' Committee (AVCC).

'frequently' because of the need to be in paid employment. Over half of these respondents felt it was having serious consequences for their studies.

ACUMA asserts that this situation is unacceptable: students must be able to devote the time they need to their course requirements.

RECOMMENDATIONS

6. ACUMA recommends that the income test for the partners of student be abolished.
7. ACUMA recommends that all full-time tertiary students be granted Commonwealth Health Care Cards

The closure of the Student Financial Supplement Scheme (SFSS)

The SFSS was opened in 1993 to provide for students in need, since then approximately \$2.5 billion has been spent on the scheme. Current figures suggest that students accessing the scheme owe an average of \$20,000 and one student owes \$60,000.⁹

The Student Financial Supplement Scheme is generally regarded as an added encumbrance to students who are already struggling with inadequate financial support. When students are adequately supported throughout their period of tertiary study, the need for further loan schemes will disappear.

RECOMMENDATION

8. ACUMA recommends that adequate student income support be extended to all independent students, thus removing the necessity for implementing any further loan schemes that will contribute to rising student indebtedness.

⁹ From a speech given by the Federal Minister for Education Science and Training, Dr Brendan Nelson, Higher Education Summit, Sydney, 26 March 2004.

TOR 3. The importance of adequate income support measures in achieving equitable access to education, with particular reference to:

Students from disadvantaged backgrounds

Higher education needs to be accessible to Australian citizens on an equity and merit basis. Equity in access to lifelong learning must be an urgent Commonwealth Government focus and responsibility.

Student Income Support is a vital component of equitable access to tertiary education, particularly for students from low- and middle-income families where the struggle to support adult children through years of study undermines the need for parents to save and invest for their own futures.

Higher Education Equity Program

There are five equity groups identified for Higher Education Equity Program (HEEP) funding. Indigenous students are funded under a separate equity program, as follows:

Australian Government support aimed at improving the higher education participation of equity groups, other than Indigenous students, is provided through the Australian Government's Higher Education Equity Programme (HEEP). HEEP funding is provided to promote equality of opportunity in higher education. In 2003, HEEP totalled \$6 036 000 and in 2004 \$6 177 000 will be allocated to assist institutions to provide appropriate programmes and initiatives for:

- *people from low SES backgrounds;*
- *people from rural or isolated areas;*
- *people with a disability;*
- *people from non-English-speaking backgrounds; and*
- *women in non-traditional areas.*¹⁰

The statistics offered by the Department of Education, Science and Training show that there were 671, 492 identified equity group students across Australia. When the overall HEEP funding of \$6,036,000 is considered, the funding works out at approximately \$9 per head.¹¹

Improving access to education

In order to increase participation by equity target groups, it is necessary for the government to consider the benefits of a meaningful investment in higher education for these groups.

Rural and Regional Students

The former Minister for Education, Dr David Kemp, acknowledged five years ago that there are "huge regional disparities"¹² in tertiary education participation rates. His Cabinet submission goes on to show that young people from the top five 'university participating areas' (affluent capital city suburbs) were five times more likely to attend university than young people from the bottom five

¹⁰ DEST Support for Equity Objectives:

http://www.dest.gov.au/archive/highered/he_report/2002_2004/html/2_3.htm, accessed June 2004.

¹¹ Statistics accessed from:

http://www.dest.gov.au/highered/statistics/students/03/student_tables/tables/appendices.xls

¹² Kemp, D., *Proposals for Reform in Higher Education*, Cabinet Submission, Parliament of Australia, Canberra, 1999

(rural and isolated) areas.¹³ This disparity has been well documented at least since a 1988 Report entitled *Three times Less Likely*.¹⁴ Other equity groups are similarly underrepresented in university participation, with students from low socio-economic backgrounds participating at 40% of the rate at which they should be relative to population share.¹⁵

RECOMMENDATION

9. ACUMA recommends that programs be put in place to raise participation rates of people from designated equity groups to the level corresponding to their population share.

¹³ *ibid*, p. 3.

¹⁴ *Three Times Less Likely*, Country Education Report, Melbourne, 1988

¹⁵ Callaghan, V., *Government Financial Support for Students – The Case for Radical Reform*, People and Place, vol.11,no. 3, 2003, pp. 14-22

TOR 4. Alternative student income support measures:

A university educated populace is socially and culturally mature, has improved health, higher wages and an increased disposable income. A university education contributes to regional development, racial and cultural tolerance, national research output, economic growth, social order and cultural exchange. Societies need to support their future leaders, and Australia does not.

A recent World Bank Report states that:

Continued government support of tertiary education is justified by three important considerations. The first is that tertiary education investments generate major external benefits that are crucial for knowledge-driven economic and social development, including the long-term returns from basic research and technology development and the social benefits accruing from the construction of more cohesive societies....Secondly, imperfections in capital markets limit the ability of individuals to borrow sufficiently for tertiary education, thereby reducing the participation of meritorious but economically disadvantaged groups....Thirdly, tertiary education plays a key role in support of basic and secondary education.¹⁶

ACUMA believes that tertiary education should be free and freely available to all persons of merit, regardless of age or social status. ACUMA further believes that all tertiary students, whether full or part-time, postgraduate or undergraduate, deserve a living wage while they study.

RECOMMENDATION

10. In keeping with the notion that tertiary education is an investment by the Federal Government in the knowledge capital of the nation, ACUMA recommends that a simple, easily administered solution is to extend the Australian Postgraduate Award (APA) scheme, with some modifications, to include undergraduate and postgraduate coursework scholarships.

Using the same guidelines as the APA , Australian Undergraduate scholarships would:

- Provide a liveable income (current APA level is \$18,484 pa, the Henderson Poverty Line for a single person is \$15,423 pa)
- Include limited working hours during study time (an APA stipulates no more than eight hours outside employment, Monday-Friday)
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¹⁶ *Constructing Knowledge Societies: New Challenges for Tertiary Education*, A World Bank Report, April 16, 2002, p. x

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