

## Submission to State Employment, Workplace Relations and Education References Committee: Inquiry into student income support

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## 1. Living costs of students enrolled in full-time and part-time courses

Living costs of students are the same for students irrespective of whether they are enrolled part-time or full-time in their courses. Reasons for the student enrolling part-time might include:

- Insufficient available time to devote to full time study due to other commitments, such as work, family, community,
- Being financially challenged and the need to work for survival (rent, food, utilities, credit card repayments, car payments, medical and other living expenses)
- Being financially challenged and the need to work to cover the costs of studying (textbooks, parking and/or travelling related expenses to and from uni, photocopying, computer technology and associated software and consumables such as ink and paper, coffee and campus food purchases)
- Having a disability and/or illness that physically or mentally hinders/prevents that person from studying full-time

## 2. Current measures for student income support (Youth Allowance, Austudy and Abstudy)

### 2.1. *Income support for postgraduate students*

It is impossible to stereotype postgraduate students into only three categories of income support such as Youth Allowance, Austudy or Abstudy, as not all PG students receiving income support are necessarily receiving these payments. Single parenting, disability and carer pensions as well as family payments might be the primary means of income support for many students. Some students have family support while others do not have this luxury. Some PG students are fortunate enough to receive a scholarship while others have to work for their income whilst completing postgraduate studies.

At Griffith University approx 45% of PG students receive a scholarship and these range from \$18009 to \$23294 per annum. PG students who are enrolled full time and receiving a scholarship are permitted to work only 9 hours per week between 9am and 5pm Monday to Friday. These work restrictions are Australia-wide and are in accordance with guidelines associated with government grants. Other scholarships available for PG students, including the specific Griffith University offered Scholarships (I assume that other universities also offer similar scholarships) are listed for your information:

1. Commonwealth Learning Scholarships for rural/regional low socio economic and indigenous students. Applications close 9 June 04.
2. Commonwealth Education Costs Scholarship (CECS) \$2,000 pa
3. Commonwealth Accommodation Scholarship (CAS) \$4,000 pa
4. Australian Postgraduate Award (APA) \$18,009 pa
5. Australian Postgraduate Award Industry (APAI) \$23,294 pa
6. Griffith University Postgraduate Research Scholarships (GUPRS) \$18,009 pa

7. Griffith University Postgraduate Research Assistance Scholarship (GUPRAS)  
\$18009 pa
8. International Postgraduate Research Scholarship (IPRS) for international students  
only (covers tuition fees only – no stipend offered)

Postgraduate (PG) students are entitled to very little or zero student income support by the government and are disadvantaged by Centrelink's anti-postgraduate, anti-study policies. If receiving unemployment benefits, the student has to be willing to seek and commence employment irrespective of how important or how close their study commitments are to being finalised. The ability to apply common sense or independent judgement has been removed from these assessments. Why is there not a 'common sense clause' added to the relevant Acts, policies and procedures? If on a single parenting pension, postgraduate students are sometimes harassed by Centrelink with the 'we've got to get you back to work' plans. Furthermore, postgraduate students are not entitled to Austudy and therefore, the Pensioner Education Supplement (PES) is not available for these postgraduate students.

It is really an uphill battle for postgraduate students to manage financially and complete their studies in a timely manner when the postgraduate program of study is not recognised as being important enough for student income support measures. As a single parent myself, I often think that Centrelink would be much more satisfied if I were to give up my goal of completing my Doctorate of Philosophy (PhD) program and got a full time regular job at the local supermarket stacking shelves. It seems that the benefit of postgraduate education has been inadequately considered or unrecognised as a major factor of growth and development for Australia's future. Support for postgraduate students is inadequate. We need more recognition and support than what we are currently receiving.

Persons working to support themselves and/or their families have less time available to apply themselves to their postgraduate studies and therefore it would seem reasonable and logical to assume that persons in this category might need additional time to complete their studies. Reducing or unrealistic capping of completion deadlines for postgraduate students whilst an inadequate means of financial support exists has the potential to negatively alter access to postgraduate education for students from lower socio-economic backgrounds. It is not unreasonable to assume that the majority of postgraduate students are mature age students, and therefore, will have mature age commitments as well.

## **2.2. Adequacy of payments**

To discuss this point, first it must be clarified as to what is meant by 'adequacy of payments'. Adequate means 'sufficient or enough' according to the Heinemann Australian Dictionary, therefore in terms of student payments, the question must be asked, sufficient or enough to do what?

Is it meant that the student should have sufficient or enough payment to cover living and studying expenses? From a moral and logical perspective I take this to be the case and put

forward reasons why the current amount of payments are totally inadequate to cover living and studying expenses of a student.

Furthermore, there is no clear definition or typical characteristics of a postgraduate 'student'. Some are single with no dependents while others have children to care for. Some have family support, some do not. Some are working, some are not. Therefore it would seem reasonable to assume that an amount to cover study expenses should be paid on top of the income support entitlement that the student receives.

An attempt to calculate an 'adequate' amount of income required for basic living expenses is first undertaken followed by a table showing what various payments are currently set at. These values of adequate payments and current payments are then compared.

As a student what do we need to live per week?	<u>Per week</u>
• Basic living	
○ Rent	150.00
○ Food	50.00
○ Clothing	10.00
○ Utilities (phone, gas, electricity)	50.00
○ Car payment	70.00
○ Petrol	20.00
○ Insurances (car and contents)	20.00
○ Contingency funds	20.00
○ Credit card repayments	<u>30.00</u>
	420.00
• One child's basic living allowance	
○ Rent	50.00
○ Food	50.00
○ Clothing	20.00
○ Education at public school	10.00
○ One extra-curricular activity (e.g. swimming, music, dance)	25.00
○ Miscellaneous	<u>20.00</u>
	175.00
• Basic study allowance	
○ Texts	20.00
○ Student fees	5.00
○ Traveling expenses	20.00
○ Photocopying	20.00
○ Stationery	5.00
○ Computer and associated technology	20.00
○ Office consumables	<u>10.00</u>
	<u>100.00</u>
	<b>\$695.00</b>

Income support payments for a single parent with one child, an independent person on Newstart, and single persons on Austudy or Abstudy, as provided below, are much less than the corresponding amounts required to cover basic living expenses (displayed above).

**Case study for a PG student: single parent with one school age child (7yo), no maintenance payments**

	<u>Per fortnight</u>	
Parenting payment (single)	\$470.00	
Family Tax Benefit Part A (one child)	\$130.48	
Family Tax Benefit Part B (maximum as single parent)	\$ 78.12	
Rent Assistance	<u>\$110.00</u>	
Total per fortnight	<u>\$788.60</u>	<u>(394.30/week)</u>
Plus health care card for parent and child		

From these calculations it is clear that a postgraduate student who is a single parent with one dependent child has an inadequate level of student income support falling \$300.70 per week short of covering basic expenses ( $\$695 - \$394.30 = \$300.70$ ). To cover this shortfall the student must find additional employment and/or might be forced into a poverty situation. The financial educational supplement (around \$30 week) is not available to postgraduate students. This is an unfair situation and indicates that the system is not encouraging and/or supporting single parents to undertake postgraduate studies.

Table 1 shows the amounts (\$/fortnight) of support payments available to students who might be on Newstart, Austudy or Abstudy under various conditions. Note that the Austudy and Abstudy payments are not applicable to Masters or Research Higher Degree (RHD) students. The bottom row of the table shows benefits available to these categories of student income support payments. Immediately it is clear that there is a glaring iniquitous situation with Austudy being less than both Newstart and Abstudy amounts (important for undergraduate students). Also Austudy recipients are not entitled to rent assistance while the other categories are. How can anybody justify that it takes less money for an Austudy recipient to cover basic living expenses, including rent, than the other two categories? I suggest that this basic amount of payment be set equal for all persons, unemployed or studying, and then the additional expenses associated with study be added as a study allowance on top of the basic living payment. I also question why Austudy is not available for Masters and Research Higher Degree (RHD) students as this is another iniquitous situation.

**Table 1: Support payments available for Newstart, Austudy and Abstudy**

	<b>Newstart (\$)</b>	<b>Austudy</b>	<b>Abstudy</b>
Single adult/independent	389.20	318.50	389.20
Single with child	421.00	417.40	421.00
Partnered	351.10	349.80 (with child)	349.80 (with child)
	Rent assistance	No rent assistance.	Rent assistance

	<b>Newstart (\$)</b>	<b>Austudy</b>	<b>Abstudy</b>
	depending on rent (approx \$100 per fortnight)	Only allowance without it	depending on rent (approx \$100 per fortnight)
		Not available for non-indigenous Masters and RHD students	Available for indigenous Masters and RHD students \$18484 per annum

Using values calculated earlier for basic living expenses and study expenses, an adequate amount for a single person studying would be \$520 per week (\$420 + \$100 = \$520/week). The Austudy amount of \$318.50 per fortnight (\$159.25/wk) is \$360.75/week under that 'adequate' amount.

### **2.3. Age of independence**

Relationships between parents and their children might be severely damaged by the time those children are adults, let alone by the time that they are 25 years of age. I think you would be hard pressed to find any parent willingly and/or financially capable of supporting their adult children up to the age of 25. The law recognises adulthood as the turning of 18 years of age and yet this ridiculous policy is penalising these adults up to the age of 25 years because of their parents' earnings. It might be better to treat adults as adults and enable them to develop independent living whilst studying. Many students might not have the support of parents although those parents might have a relatively high income.

This parent does not have a high income, has a need to put money into a superannuation fund (very little there as I have spent my years as a single parent educating myself and raising the children from the marriage without paternal support), is close to kicking off a career and increasing my income, and still have a HECS debt and a SFSS debt to pay off from my future income.

### **2.4. Parental income test threshold**

This would be grossly unfair if applied to my children some time within the next few years if my income has expectedly risen after I complete my postgraduate study. I have been a financially challenged student for many years, having first returned to study as a broke single parent with four children in 1992. I am still a broke student, although now a research higher degree student. I am still a sole parent but now with only two at home (16yr old and 7yr old). I envisage that I will not always be the broke student and this is partly what motivates me, that is, I want to finish my PhD and return to the workforce. In a few years time, if one of my children wants to study, why should their entitlement be affected by my long awaited and hard earned rewards for the many years that I have devoted to educating myself? It does appear to pick on a family and keep them from achieving their potential and advancing their social status

Parents are in the unique position that they have to think about putting money away into a superannuation fund for their retirement. The government actively encourages this

because of the large mass of baby-boomers in Australia to whom it will be difficult to provide a pension. Yet, these same people are also expected to keep their children until they are 25 without government assistance. Simply, the money does not always stretch in too many directions at once.

### **2.5. *Ineligibility of Austudy recipients for rent assistance***

Why shouldn't students who receive Austudy entitlements be entitled to rent assistance? This policy simply does not make sense as unemployed persons are entitled to rent assistance. Why do we put an unemployed person at a higher rung of the welfare entitlement ladder than a student? Austudy recipients need this rent assistance to assist in obtaining a more stable environment in which to study. This is why so many students share houses. Not all Austudy students live at home with their parents or have parents who can afford to buy them a house and car and set them up during their study years.

## **3. Effect of income support measures on students and their families**

### **3.1. *Increasing costs of higher education***

As the costs of obtaining a degree are increasing, the associated professional income should also increase at the same rate, but this is not occurring. Instead lower socio economic class people will be the working financially-challenged for many years before the education debts are paid. For persons from a wealthy background whereby the parent is able to pay for the university education up front, the student will never experience this working-poor status, as a result of HECS repayment deductions.

It is a concern of mine that increasing costs of higher education is limiting or altering access to tertiary education to persons from lower socio economic backgrounds. It is inequitable for only wealthy persons to be able to obtain a university undergraduate or postgraduate education.

### **3.2. *Students being forced to work longer hours to support themselves***

Just to make ends meet students have to work. I teach a University course and the most frequently used reason for request of an extension to hand in an assignment is that they have been called in to work and they cannot afford to turn it down.

As sessional academics, students are being forced to work longer hours for less pay as a result of 'budget cuts' at the University. Consequently, students might have to seek additional work to increase income and therefore have less time to apply themselves to their studies.

As an overview I would argue that the lack of current income support measures for postgraduate students has the potential to increase rates of poverty, depression, stress, crime and the need to work. Even when working, HECS and student financial supplement loan repayments prevent the graduates from affording to make major

purchases such as a house, car and the like. It is highly likely that financially challenged postgraduate students have student related debts to repay from their wages. All of these factors are surely anti-productive for study purposes and alter the access the education opportunities for persons from lower socio economic backgrounds.

### **3.3. Closure of the Student Financial Supplement Scheme**

Excellent, as it should never have existed in the first place. It took advantage of the lower socio economic group of people who were vulnerable and economically forced to accept this offer although it was a lousy financial deal to begin with.

This scheme should rightly be scrapped and instead an appropriately set study allowance of \$100/week provided to all students studying. The amount of any study allowance should be provided without the need to repay the money. This will provide a more educated Australian workforce.

## **4. Importance of adequate income support measures in achieving equitable access to education**

### **4.1. Students from disadvantaged backgrounds**

As students we are not the same. We do not all have the same background and level of support at hand. I know of a couple who both have wealthy parents who help them out all the time on large financial items in their lives. On the other hand, some students have zero family support and the reality of study is very different for those students.

I would like to see the government offer a program whereby the graduate student upon commencing employment can set the amount of their income each week with which to repay their HECS debt. Furthermore, it would be an equitable decision if students from disadvantaged backgrounds were to have the government at least match payments to the HECS debt, if not reducing the debt by \$1.50 for every \$1 that the graduate repays.

It is not only about providing equitable access to education but also about providing equitable access to moneys earned after completing studies and commencing employment. Why should financially challenged people have to struggle longer and still remain part of the working financially challenged sub class all because they were not fortunate enough to have a stable wealthy support base around them during periods of study? Persons from disadvantaged backgrounds who have gone through the process of educating themselves want to experience the same financial rewards as their peers. Persons from disadvantaged backgrounds do want to buy a house and a new car, go on holidays and send their children to extra curricular activities too.

### **4.2. Improving access to education**

The optimal solution would be a return of the policy to have free education available to all Australian residents. This is the only sensible answer if we are to compete at the international level of technological and economic development. We need to think beyond the square.



Access to postgraduate education needs to be increased through increasing income support and research grant opportunities for postgraduate students. The major obstacle to postgraduate education is earning money to support yourself and possibly dependents whilst you complete the study. A lack of research funds/grants for infrastructure, equipment and consumables are also a problem in some research areas.

Another major obstacle to study is obtaining and affording childcare. Waiting lists can be lengthy at many childcare centres (up to two years in some) and childcare centres can and do charge amounts over and above the capped amount on which child care rebate percentages apply. Whilst it does appear to be excellent that some university campuses have childcare centres located on university grounds, places are not always available and/or affordable to students from that campus. These childcare centres are open to all community members (no places reserved for students) and have higher hourly costs than child care centres in the surrounding area. For example, several years ago a single parent with one child in childcare and entitled to a 100% childcare rebate enquired at the university child care service and it was going to cost \$90 per week for full time (Monday-Friday daily) care. This same parent enquired at an off-campus childcare centre and it was going to cost \$10 per week for the same service. Therefore, although it might look like that some university campuses have access to childcare services, pricing policies and lengthy waiting lists ensure that students with dependents cannot have access to these services.

## **5. Alternative student income support measures**

A study allowance should be provided to all those who study over the age of 18 years, on top of whatever other benefits to which they might be entitled. When calculating the amount of support that a particular group is entitled to, I think it would be appropriate to macro-list the different components of that support. For example, an equal basic living allowance provided to all qualifying persons irrespective of whether they are unemployed, studying or caring for dependents, and the like. Undoubtedly, all persons have these same basic needs. Then one would expect that an allowance would be added for additional efforts and expenses, such as an additional amount for studying expenses added to the amount paid to the unemployed person. Furthermore there would be a set amount of family allowance per child with the additional payment offered to the fourth child as per current policy.

There needs to be more support for PG students, especially those who are single parents. Persons receiving the single parenting pension and studying an undergraduate degree can obtain a \$30/week education supplement, however a sole parent who is a PG student is not entitled to the same benefit. Why does the government not value single parents educating themselves to a postgraduate level?

Postgraduate students do not necessarily have access to adequate levels of research funds and availability of such funds might assist in increasing PhD completions. Although research grants such as the ARC programs are available, typically these are provided to well-established academics who might have been developing their submission for several years before they were successful. Once successful, they only have to adapt their

application for each successive application and these leaders are therefore more likely to be rewarded research grants than newer more struggling researchers. If you are not one of those lucky students with an established researcher as a supervisor then chances are the resources at hand for your project will be severely limited. For the struggling Research Higher Degree (RHD) student where research funds limit their ability to complete their research, it would be excellent if there was government support for this purpose. I am referring to research grants in the \$10k-\$20k range available for PG students who demonstrate financial difficulty in completing their doctorate, to be used only for costs associated directly with that research. This would no doubt enable more PhD candidates to complete their candidature and become Doctors in their chosen fields.

### **Acknowledgement**

I would like to thank Ms Rhonda Heyman, Office Manager - Griffith University Postgraduate Student Association, for her assistance in gathering information and editing this document. I would also like to acknowledge and thank Elizabeth Davies, Vice President (Research) - Griffith University Postgraduate Student Association, for her assistance in collecting relevant materials.