

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

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Submission to

Inquiry into Student Income Support

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Introduction

The Monash University Gippsland Student Union welcomes this opportunity to contribute to the public debate and inquiry into student income support measures. The Student Union harbours significant concerns about the level and adequacy of student income support, as well as the diminishing quality of life of students. Students are significantly finding full-time study more difficult as they battle to balance work, study and life. Students are working longer hours and spending less time on study. Employers also discriminate against students in the workplace. The Student Union is very concerned about a prevailing attitude in the Government that students' living in poverty is a rite of passage.

Students are predominantly living in poverty and it is expected that students will continue to become more impoverished. Much has been said over the past few years about student poverty but little has been done. This Senate inquiry is essential to provide greater legitimacy to students living in poverty. What is required after this inquiry is legislation to be proposed that will give students better access to social security measures to enable them the time and energy to meet and overcome the challenges of university study.

The submission will address:

- Issues of adequacy of existing income support measures;
- The effect of the existing measures on students and their families with particular emphasis on regional Victoria;
- The increasing cost of higher education;
- Students working longer hours and;
- The importance of adequate income support measures.

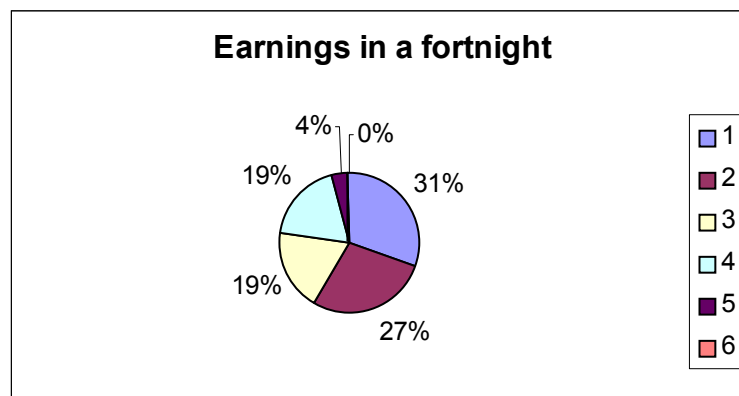
It is the Student Union's contention that the Government must do more to improve student income support measures to improve access to higher education as well as improve the quality of the students' education. The Student Union recommends to the Senate Committee that:

1. That Austudy include a rent assistance allowance additional to the existing payment.
2. That Austudy, Youth Allowance and Abstudy be increased to be comparable to the Newstart Allowance.
3. That the age of independence be lowered from to 25 years old to 16 years old.
4. That student and youth allowances be indexed at the Consumer Price Index plus 5% over the next 20 years
5. That the Educational Textbook Subsidy Scheme be re-instated immediately and that the scheme be legislated into the Tax Act.
6. That the Australian Bureau of Statistics test for disadvantaged status be used in conjunction with income tests to determine levels of student and youth allowances.
7. That the parental income test to consider family debt levels and actual disposal assets in conjunction with actual capacity to support one or more dependents in primary, secondary and/or higher education (or combinations thereof) in real terms.

Current Income Support Measures

The inquiry will no doubt receive numerous submissions that argue students are living in poverty but the fact is students are living in poverty. Student income support measures are simply inadequate. Students, particularly in regional and rural Australia, are living in poverty and are battling to cover their basic living needs. The measures do not enable students the time they need to adequately study and succeed at university with the need to work longer hours. Student poverty is also expected to increase due to the recent changes to higher education. Yet student poverty is not necessarily considered a social issue worthy of being addressed.

Research conducted by Judith Bessant of the Australian Catholic University identified that student poverty was a significant social issue. The research identified that students were living up to 37% below the poverty line. According to Bessant, the introduction of the Common Youth Allowance with more stringent eligibility criteria has contributed to students receiving reduced levels of income support. The Australian Council of Social Services noted that those students in receipt of Youth Allowance and Austudy were living well below the poverty line. A single adult student receiving Austudy was 39% below the poverty line and those on Youth Allowance were 20% below the poverty line. Research conducted the Monash University Gippsland Student Union has found that students find the levels of income support inadequate. Students indicated that they earned between \$50 and \$200 per week. The research found that students were relying heavily on family and friends to supplement part-time work and income allowances.

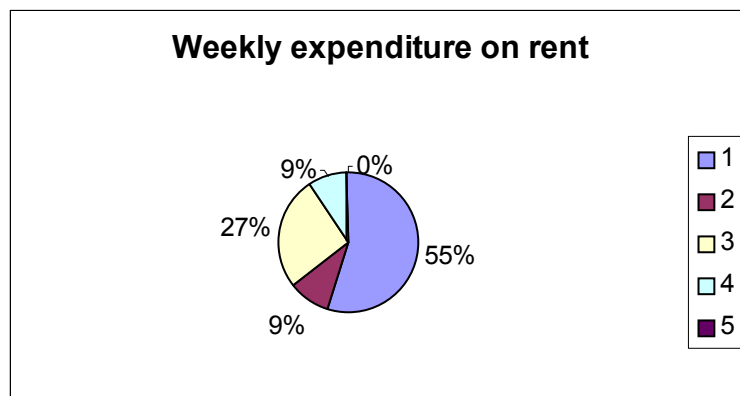


1 = \$50-\$100; 2 = \$100-\$200; 3 = \$200-300; 4 = \$300-\$400; 5 = \$400-\$500; 6 = Over \$500

The maximum Youth Allowance rate for a single, under-24 living away from home and categorised as independent was \$310.10 per fortnight while the average payment was \$229.57. For those single, under-24 living at home and categorised as dependent, the maximum rate was \$204.20 with the average payment being \$195.56. A single person on Austudy can expect a maximum payment of \$318.50 per fortnight. A single person with a dependent on Austudy can expect a maximum payment of \$417.40 per fortnight. Student allowances are even lower than those for unemployed people. A single, no children, unemployed person over the age of 21 is entitled to \$389.20, as well as access

to advances of allowance of up to \$500, Employment Entry Payment of \$104 may be available, Education Entry Payment of \$208 may be available and Rent Assistance may also be payable. Student allowances do not consider the costs associated with study or the time commitment necessary to complete a study program. Student allowances as structured maintain and uphold institutionalised poverty as acceptable. Regional and rural students often have difficulty coping with student allowances only and are forced to look for work in regions, which generally experience high levels of unemployment. Furthermore, students are penalised for seeking work. Students, whether single, independent, partnered or with dependents, are only able to earn up to \$236 per fortnight before their allowance is reduced. The Government's rhetoric about it supporting students is questionable given that living allowances are below the poverty line with students being forced to live in poverty.

The poverty line, in 2003, was \$288.50, with the average youth allowance payment being \$196.56 and average Austudy payment being \$229.57. It is clear that the current student income support measures are inadequate. These allowances do not enable a student to live above the poverty line nor do they adequately supplement a student's earnings. The allowances do not consider the costs associated with studying like the need to purchase textbooks, study materials, a computer or the need to have access to the Internet and email. There is no consideration about the impact of commuting with only students that have had to move to study given the opportunity to access extra allowance. Ultimately, the current income support measures are inadequate and do not adequately support students during their period of study.



1 = Less than \$50; 2 = \$50-\$75; 3 = \$75-\$100; 4 = \$100-\$125; 5 = Over \$100

Increasing cost of higher education

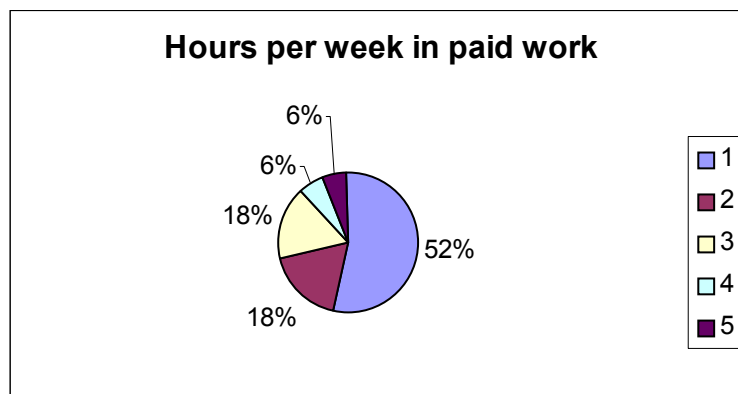
The recent changes to higher education have seen the increase of HECS fees across most of the nation's universities, including Monash University. HECS fees and the potential for personal debt at the end of a degree is of concern to students. The HECS debt is something that students consider when picking courses and deciding to enter university. Increases in HECS has a direct impact on students and their ability to enter university. Students from disadvantaged backgrounds will be less inclined to enter university with the potential of having major personal debt once they complete. Regional and rural students may also reconsider attending university due to increased HECS debt. Regional and rural

students are further disadvantaged by the increase in HECS fees as it diminishes their choices of courses. For these students moving to metropolitan areas or other regional areas is an extremely costly exercise that will prohibit students from taking up university studies.

The cost of higher education is further increasing with the closure of the Educational Textbook Subsidy Scheme. An 8% increase in textbooks will make it more difficult for students to purchase the necessary textbooks for their subjects. Students have already indicated that they will not purchase prescribed textbooks in order to save money for living expenses. Yet apart from these recently added financial burdens students also face increases to health care, child care and general increases in living costs. However, these increases in living and study costs have not been off set by substantive increases in Austudy, Common Youth Allowance or Abstudy.

Working longer hours; living on less

The Australian Vice-Chancellor's Committee also reported that students were experiencing great financial burdens in completing their programs. The research conducted by the AVCC indicated that students were working more and studying less. The research also supported the research of the Student Union. Our research indicates that students spend a predominant proportion of their income on living expenses and on study-related expenses. Students are willing to forego some luxuries and some basic necessities in order to afford accommodation and university fees. Research commissioned by the Department of Education, Science and Training indicated that students were willing to miss lectures to go to work as they were able to get materials via other sources. The work also recognised that 41% of surveyed students indicated that paid work gets in the way of study. The Student Union's research concluded that students were working 0 to 15 hours per week. These hours are made up of between 1 and 3 part-time positions consisting of mostly retail and hospitality work.



1 = 0-5hrs; 2 = 5-10hrs; 3 = 10-15hrs; 4 = 15-20hrs; 5 = Over 20hrs

Students also revealed that without Government assistance they would not be able to continue their studies. Students indicated that part-time work alone was not enough to enable them to afford to continue to study with many indicating that they are reliant on family and friends to make up short-falls each fortnight. The Senate's Community Affairs Reference Committee reported on student

poverty in its report on poverty and financial hardship. It identified that students have a significantly lower income than compared to the general population, with the mean annual income in 2000 being \$12,513.

Overall, students indicated that available income allowances were essential to continued study but were not satisfied that they were adequate living allowances.

Age of independence

Student poverty was further exasperated by the Government increase of the age of independence to 24 years of age. By changing the age of independence it has enabled the government to differentiate payments, re-categorise students and reduce student allowances. This policy has forced students to live at home longer than the family may be able to support. It has made it very difficult for students to move away from home to study. Families requiring to support a higher education student may not be able to afford to offer the same support to other dependents. Further the Common Youth Allowance does not recognise the costs associated with study. Common Youth Allowance is also significantly tested before a student can access it. It requires a rigorous parental income test, which makes it very difficult for those families assest rich to access Youth Allowance. The test largely ignores the availability of cash or cash assests on hand. Students on Austudy are unable to access rent assistance which compounds a students' income problem. Without access to rent assistance a student is forced to use their support funding to pay their rent. This effectively diminishes their ability to afford other living expenses like food and clothing. Research by the Student Union shows that students are willing to forgo food and clothing to afford rent and study-related purchases.

Effect of current measures on students and families

Students are living in poverty and often find themselves in desperate situations. Empirical evidence suggests that some students, male and female, resort to working in the sex industry to pay their way. Further it is also believed that a very small minority of students sell illegal and illicit drugs to pay their way. The outright denial of the government to properly fund student allowances has enshrined an attitude of poverty and that poverty is a rite-of-passage as a student. Furthermore, the government's unwillingness to recognise the true costs of being a student has enforced and entrenched institutionalised student poverty.

As part of preparing this submission students were directly asked to comment about their experience being on a government student benefit. One student indicated:

"...the amount paid to people on Austudy is half of what is needed to live properly...without giving away basic necessities."

Another student commented:

"...I'm only meant to earn \$260 a fortnight or it [Centrelink] starts taking money out of my income. I personally think that this amount is too little."

"It's hard enough living on youth allowance alone...either means you can't work much or you can't get youth allowance."

One student likened Youth Allowance to having a family give an allowance. They made this comment:

"It's like the government's telling us that we're too young to have too much money."

A student, who received a fortnightly Austudy payment of \$306, provided a break down of their fortnightly expenses as a general example of the poverty that students are living in:

Food	\$50
Home phone	\$38
Mobile phone	\$15
Rent	\$240
Electricity	\$20
Gas	\$1
Petrol	\$35
Car maintenance	\$50
Clothing	\$25
Recreation (including organised sport)	\$25
Study materials – pens, paper, photocopying, printer cartridges etc.	\$25
Fortnightly Total	\$524

This leaves the student with a shortfall of \$218 each fortnight. Unfortunately this situation is not an isolated incidence with students regularly reporting financial

hardship to the Student Union. Commonly students report that they have spent their fortnightly allowance before it is deposited into their accounts.

There is another question of the value of having students living in poverty and their ability to successfully complete university studies. Students do report that they work multiple part-time jobs and do have difficulty in balancing work and study commitments. The question becomes to what extent does Australia value students and their ability to have the time, energy and money to study properly. Issues like attrition and failure rates may be able to be attributed to the fact that students are not able to spend the time necessary to study and complete assessment as they are forced to work more.

As the student allowances are not increased to meet the real costs associated with living and study, students will continue to live in poverty. Students are contributing more to their degree but yet are not afforded the recognition of the difficulty involved in achieving a degree. Without adequate support students are essentially required to live off their families for longer which may force some families to struggle more to make ends meet. This is particularly true for families with more than 1 child as it can be financially straining to support a student through university while supporting other children through school.

While there is the aspect of the financial pressure for a family unit for a child of university age there is also the growing pressure surrounding family units where a parent engages in university study. As more and more mature-age students enter tertiary education it places greater strain on the traditional family unit. There is empirical evidence to suggest that this strain can lead to marriage break-up and ruination of the traditional family unit. Yet there is little support given to mature-age students by the government or universities.

The government continually sends mixed messages to students and their families about the support that it gives. However, the reality is that the government does very little to support students and is clawing back the assistance it gave with the introduction the Common Youth Allowance. For mature-age students attending university places more strain on the family unit with late classes, study time and exam time. This time is not compensated and for mature-age students with young families attending university can be a significant financial drain for the family. The time commitment required to attend university can put strain on the actual marriage, which can breakdown by the time a mature-age student finishes their course.

Government assistance needs to recognise the time and energy commitment that students make when they decide to enter tertiary education. It is not appropriate that students are forced into taking desperate measures because they are not able to afford the basic necessities of life. It is necessary for the government to recognise that the make up of the student body is no longer the stereo-typical 18 – 25 year old age range and that mature-age students are generally under as great or greater financial pressure as younger students. Mature-age students generally use their life savings or have work allowances paid so that they can afford to attend university. Mature-age students are also inclined to take out personal loans to cover their educational costs. However,

these students generally have accrued assets and savings, which either denies them access to allowances or gives them access to very small amounts of allowance. Existing allowance measures do not adequately consider the very different living costs for most mature-age students. The cost of attending university is not just financial as it has an impact on the immediate family unit in terms of time to family commitments. There is also the added pressure on the actual relationships involved in the family unit between mother, father, daughter, son, etc. As suggested earlier there is empirical evidence that mature-age students find themselves choosing between marriage and study. There is no student allowance that adequately recognises these pressures and furthermore there is empirical evidence that suggests students would be better off on Newstart or other forms of government assistance.

Students in regional Australia are particularly disadvantaged as the allowances do not consider the fact that unemployment is generally higher in regional areas compared with metropolitan areas. While students do engage in work it is difficult for students to find regular on-going work in regional areas. Students are often required to look for work to supplement government allowances, which diminishes their time for study and university related activities. Families of students in regional Australia are also less likely to be able to afford to support a university student for the duration of their course. This is compounded for those mature-age students with families, especially young families. More and more mature-age students are entering universities to re-train or upgrade their qualifications for the purpose of re-entering the workforce.

The importance of adequate income support measures

Giving students adequate income support for the duration of their studies has a profound positive effect. Adequate in this sense refers to an allowance that gives a student the ability to cover the basic necessities of life. Students will be able to devote more time and energy to their studies and to classes, which has a positive effect on their academic progress and success. It relieves students of the pressure of having to find multiple part-time jobs to pay for basic living expenses. Adequate income support measures can aid in diminishing the failure rates amongst students as well as contribute to the retention rates of our universities. It also gives a student the freedom to spend time on extra curricular activities that contribute to their general health and well-being and academic pursuits. Overall, giving students allowances that are commensurate with the cost of living will ensure that students have the ability to focus on study for the duration of their courses.

Conclusion

Students are living in poverty and constantly battling to balancing work, study and life. Yet student poverty continues to be ignored by the government. Students are working longer hours to supplement student and youth allowances to the detriment of their studies. There is evidence to suggest that students resort to desperate measures, like prostitution and selling drugs, to cover basic living expenses and study costs. There has been no substantive increase in student and youth allowances since the current government was elected in 1996 yet in that time the government has increased tuition fees and textbook prices. Current measures reinforce a social attitude that students need to live in poverty as a rite-of-passage.

Students need to have access to adequate income support measures to enable them the time and energy to successfully overcome the challenges of completing university studies. Improving income support measures may also contribute to improving student failure rates and university retention rates. However, in order to do this there needs to be a recognition of the true costs associated with study.

In conclusion, the Student Union recommends to the Senate Committee that:

1. That Austudy include a rent assistance allowance additional to the existing payment.
2. That Austudy, Youth Allowance and Abstudy be increased to be comparable to the Newstart Allowance.
3. That the age of independence be lowered from to 25 years old to 16 years old.
4. That student and youth allowances be indexed at the Consumer Price Index plus 5% over the next 20 years
5. That the Educational Textbook Subsidy Scheme be re-instated immediately and that the scheme be legislated into the Tax Act.
6. That the Australian Bureau of Statistics test for disadvantaged status be used in conjunction with income tests to determine levels of student and youth allowances.
7. That the parental income test to consider family debt levels and actual disposal assests in conjunction with actual capacity to support one or more dependents in primary, secondary and/or higher education (or combinations thereof) in real terms.

Student Poverty Case Studies

These case studies have been developed from the record of Food Voucher Recipients that the Student Union keeps as part of its food voucher scheme. What is reported here is what has been reported to Officers of the Student Union when handing out food vouchers.

Case 1

Name: Student A

Age: 20

The student receives the average fortnightly payment of Common Youth Allowance and supplements this with part-time work for his family when he returns home each weekend. The student used their allowance to pay rent, phone, electricity and outstanding university charges. He subsequently ran out of money in the first few days after receiving his Youth Allowance payment and had no food and no petrol to return home to earn more money.

The student said that he would defer semester 2 studies and return the following year.

Case 2

Name: Student B

Age: 26

The student receives Austudy and supplements this payment with a part-time job. She is regularly behind in rent payments and struggles to afford enough food each fortnight. She does not want to move back home due to her family not willing to accept her chosen sexual preference.

She does not expect to be able to continue studying if she is unable to find another part-time job.

Case 3

Name: Student C

Age: 33

The student has not been receiving any government assistance for the year. The student has a young child and lives on her own. She is unable to afford to purchase all of her prescribed textbooks and has difficulties travelling to and from the campus on a daily basis.

This student indicated that they would not return to study in the next semester and that she would consider returning to study when her child was older.