



INQUIRY INTO STUDENT INCOME SUPPORT

Introduction

This submission is largely based on the outcomes of the following research conducted in 2000-2001 focussing on the financial situation and experience with paid work of university students:

1. a survey of domestic undergraduate student finances conducted in 2000 by the Australian Vice-Chancellors' Committee and presented in the 2001 report *Paying their way* by Long and Hayden;
2. a study by McInnis and Hartley supported by the Department of Education, Science and Training and published in 2002 under the title *Managing Work and Study*; and
3. an analysis of over 1850 comments made by students at two of the universities that participated in the AVCC 2000 survey, carried out by Yvette Devlin.

The relevance of the third piece of research to the inquiry's terms of reference is clear from the following table:

	No. in sample	No. of responses	Response rate %	No. of comments	% of respondents who volunteered comments and who commented on income support issues
Uni A	4800	2000	42	974	39
Uni B	4800	1823	38	880	29
Total				1854	

Overview

There are two major shortcomings in current income support arrangements for university students:

1. the eligibility criteria are overly restrictive; and
2. students who meet the eligibility criteria receive an inadequate level of support particularly if they live in metropolitan areas, especially Sydney.

Eligibility

The first problem is the age criterion for eligibility as an independent student. Having been raised by the Government to 25, it has resulted in most undergraduates being unable to claim independence unless they qualify on the basis of having earned a certain level of income over the previous 18 months. This requirement forces many students to defer their studies in order to work for this period and thereby qualify as independent. This is arguably an undesirable effect of the restrictive criteria as the student 'wastes' over a year in menial jobs simply to become eligible for income support, putting their education goals on hold and delaying graduation.

The second and major hurdle for eligibility is the parental income and assets test. There is a presumption on the part of Government that parents are both able and willing to support their child during the course. This presumption is misplaced in many cases, with students claiming that their parents do not in fact give them any financial support at all, usually because they need their income for other purposes such as paying off the mortgage or supporting other children.

Indeed, the McInnis Hartley study found that the majority of undergraduate students now rely on paid work as their main or sole source of income and that they work on average 15 hours pw. The AVCC survey similarly found that, while just over half of them lived with parents, three quarters of full-time undergraduates worked during term an average of 14.5 hours pw to support themselves.

Students feel really badly done by when they are denied income support by the Government on the strength of their parents' wealth. Being denied such support leaves them with two options: either defer their studies and work in order to qualify for income support, as noted above, or work part time during term.

Both surveys found that undergraduate students were forced to work excessive hours simply to meet their educational and living costs, to the detriment of their academic work. According to the McInnis Hartley study, 40% of students found that paid work got in the way of academic work and 1/3 found that money worries made it hard to concentrate on study. Missing classes because of paid work was reported by 13% of students in this study. In the AVCC study, full-time students who had applied for but had not been granted government support were the most likely to miss classes because of work: 28% of males and 37% of females. Overall, in this survey a third of all full-time students who worked during semester missed classes 'sometimes' or 'frequently' due to work. This study found that working excessive hours and lack of money led to exhaustion and stress. Students felt very frustrated at not being able to perform to their potential. It is quite clear that the quality of these students' experience suffers as a result of Government's restrictive access to student income support.

An analysis of all the comments made by students at two of the universities that participated in the AVCC 2000 student finances survey showed that a quarter of all respondents at one of the universities (corresponding to over 60% of those who provided comments) focussed on the eligibility criteria for income support. The vast majority of them complained about the Government assumption that relatively

wealthy parents would support their children throughout their university education. The application of the parental income and assets test that resulted in them being ineligible for income support was very much resented by respondents. Students referred to:

- situations in which parents were able but not willing to support them;
- despite being in receipt of a certain level of income, parents were not financially able to support the student because of heavy commitments towards other siblings, mortgages etc; and
- feeling humiliated and embarrassed to have to depend on parents at their age. As a result, they undertook part-time work which then adversely affected their academic performance.

A sample of the comments volunteered by respondents regarding eligibility criteria and the impact of paid work on their study follows:

My government allowance is paid at the dependant 'away from home' rate, yet I have to support myself on this without support from my parents. My mother does not have enough income to support me, but I am still classified as 'dependant'. Despite this classification my mother cannot claim any income for me as her dependant. Bit twisted there, doesn't make much sense.

Without Youth Allowance, a student is forced to rely on parents financially (which is humiliating, especially since at this stage many parents are old enough to start worrying about retirement) or to forego needed study time to earn a living.

With the way in which financial assistance is structured for students, I am pretty much forced to work long hours in my casual job. I do this in order to cover the costs of my course. In doing so, I often miss class time. I believe that some allowances need to be made for those who don't have rich parents to support them.

Allowances such as Youth Allowance are sufficient for a basic living. The problem is the number of people eligible for it – it keeps tightening. I will not say what I had to do to win it, but it was bad. The rules for becoming 'independent' (and thus eligible to study and be funded) are ridiculous – they do not focus on the real question 'Do you have alternative means to do it?' The rationale of gaining 'independence' by proving you've earned money is awful – it means those who have well-paid, stable employment, who can support themselves part-time, can have the allowance, whereas those in a bad situation, with no opportunities are locked out.

I think it is disgusting that such a large number of students are ineligible for Government support just because their parents or their partner earn too much or have too many assets.

The difficulty of getting Government assistance means I need to have paid work, like many other students, and universities have been forced to 'dumb down' courses because students no longer have time to study.

If I were able to get Government assistance I might be able to spend more time studying and get better marks.

I would have liked to have studied interstate, but was unable to because my parents were unwilling to pay and I could not qualify for Government support.

Basically, I can only just barely make ends meet each week, and my only hope of getting any Government assistance is by either turning 25 (Austudy) or making over \$16,000 in 12 months (or whatever it is) to get declared independent (and get Youth Allowance). But that much money is next to impossible to make while still at school! It's a nasty (and I'm sure intentional) catch 22.

The test for Youth Allowance needs to be reduced. I have to work flat out in order that I will qualify for independent Youth Allowance so that I can make my rent payments more easily.

As a student from a rural area, I had to move house and do not have the option of living at home during my studies. Despite this (and despite the fact that my parents combined income is less than \$65,000) I cannot get any form of govt assistance [...] I think the govt should seriously consider the plight of people in my position who do need assistance, but conveniently fall between the 'gaps' in the welfare system. It is potentially unfair for my parents to have to support me, when I do not (and can not) live at home any more.

I am classed as being dependent on my parents. However, they can't afford to support me at all. Because I'm not entitled to the independent rate of youth allowance I work lots of hours so I can support myself and as a result fail many subjects. I am now thinking of differing [sic] for a year so that I can get some money.

I don't think that a student's eligibility for Austudy should be dependent on their parents income especially if they are living separate from them. I think the income bracket of parents that starts to exclude students should be lowered.

I was supported by my parents until last week, when I turned 25. I refused to take pocket money from my parents, although they didn't say anything but I feel ashamed to get pocket money even I was 24 years old (I turned 25 last week and got Austudy).

[...] just because my parents earn a certain amount does not mean they give any to me.

I have lived away from home for 3 years, working for all but half year of that time. I am not considered independent and can't get youth allowance. How ridiculous is that?!!

Youth Allowance eligibility criteria are unnecessarily strict. They do not take into account the fact that while some parents may be in a position to support their children, they may choose not to do so.

I am unable to obtain Austudy as this is my 2nd degree. I will make a greater contribution to society in my new chosen field of endeavour. I'm not a "career student", so I'd love it if Austudy was available to 2nd degree students. Either that or some other form of assistance from Govt or university that may be assessed differently to Austudy.

I think Youth Allowance needs to be revised in relation to parents' income/assets. I wasn't eligible for Youth Allowance because my father earned too much, even though I was paying my own Uni fees etc. Apart from living in my parents' house rent-free, I don't get any financial assistance from them, but this is not taken into account. So for over 18 months (until I could be deemed 'independent') I had to work up to 35 hours a week (on top of full time study) to support myself. I have just begun to receive Youth Allowance and all I can say is it is about time!!

The Government assumes parents are willing to continue supporting children throughout tertiary education. Students with parents in a higher income bracket then find themselves without any support to continue studying as they are not classed as independent. I had to take a year's leave from study simply to earn enough money to receive assistance. The Government should be promoting higher education, not deterring people from it.

Really, in order to get Government support to study I have to give up university so that I can earn enough money. This really doesn't make sense to me!!

Many student comments suggested that, while they would prefer to move out of home, this was not really a viable option for them:

I would like to move out of home to make uni easier (less travel distance) but I can't afford to because my parents can't afford to give me money, but Centrelink considers them able to, therefore I don't get Youth Allowance

[being financially dependent on my parents] is very difficult to deal with (parents are restrictive, domineering... muslim... in general, very intolerable) and there is no avenue currently in student org or govts to deal with it... I guess I'm just unlucky...

I commute 1 ½ hours to and from uni each day. [...] if I could afford to be financially independent I would move to a closer proximity to the uni. This, too, has impacted on my social life, not being able to afford to do a lot of the basic things they do. I also feel quite uncomfortable being dependant on my parents.

In order to be able to study full time I had to stay at home with my parents, travelling a total of 5 hours a day (train and bus) in order to afford a decent education. [...] I hope that in the future people like me can get some sort of gov assistance to complete their studies and live closer to uni.

Adequacy of income support levels

Students in receipt of income support, while generally grateful for the assistance received, complained bitterly about its low level. This was particularly the case for those living in Sydney given the high cost of accommodation in that city. The inadequacy of student allowances forced them to work, with negative impact on their studies, or forced them to go without the necessities of life, including food. In the student's own words:

Youth Allowance doesn't really allow for lunch to be bought at uni (even the cheapest option) – this is really also because rent in Sydney for the lower income bracket is ridiculously high. After I pay rent I am left with \$130 for two weeks, if bills come during this period then it becomes quite difficult to balance everything.

Youth Allowance covers nowhere near all my expenses. I've had to heavily rely on my mother who also has to support 2 younger siblings. More help is needed for rural students, like myself, moving away from home to further their studies esp those residing in colleges and on campus accommodation. More scholarships are needed.

I am very poor; petrol, food etc is killing me.[...] The government doesn't pay me enough, \$185 a fortnight, that's pathetic! I mean I'm already stressed by uni work but it keeps getting worse with additional money problems.

I think that Youth Allowance is not enough, for instance I live near uni in a relatively cheap apartment and pay \$140/week and I get \$260/fortnight Youth Allowance, while people who live in Canberra, Newcastle etc pay \$40-60/week rent and still receive the same Youth Allowance

No one could possibly live in Sydney only on Youth Allowance. Current rental prices are so ridiculous that YA would only just cover rent (inc rent assistance) – heaven forbid they want to eat as well!!

Rent assistance for people living in Sydney to go to uni (as rent is so high) should be increased or we should be allowed to earn more \$.

As a mature age/independent student I find the maximum amount of Austudy I receive to be quite inadequate and have to rely on the Loan Supplement, plus some casual work in order to afford living expenses.

There are usually a few days per month when I can not afford to eat. Rent assistance does not apply to Austudy which ensures that students over 25 are in greater poverty than younger students. It is really dire. Fraud and illegal activity are the only way to survive.

I am fortunate in that I am in paid employment. However I have been a full-time student receiving Austudy, with no other financial support previously, and these were some of the poorest, hungriest years of my life. When I was on unemployment benefits, I received more than I did as a student even though I

had fewer expenses. Students need to be encouraged and supported, not starving and homeless!

Without an alternative form of income Austudy is ineffective to meet the basic needs of any person in Australia. Most students find themselves suffering academically because they have to take up extra work commitments.

Youth Allowance is not enough to live on - I used to get full payment and after rent and electricity - only had \$4 per day to spend on food and transport (the survey would have been better then) - which is why I now study part time and try to support myself.

The cost of living is simply too high, and the payment too low. I have had to spend over 50% of my allowance on rent alone.

Simply paying rent consumes almost all of my Youth Allowance - \$520 per month minus \$420 for rent leaves me with \$25 per week to live off! My accommodation is not extravagant - the walls are cracked, carpet stained, pipes rattle. The rental market in Canberra is very tight and expensive at the moment. It took me a month just to get accepted into the hovel I'm in. The Government must take the high price of accommodation into account when determining Youth Allowance payments!

Find that I spend more time at work to earn more money as only Youth Allowance doesn't cover enough. Then it feels like you are punished for working because the more you earn the less Youth Allowance you get. It is just not enough with some of both. I need to concentrate on my studies not earning money.

On several occasions whilst studying I have almost been forced to give up studying due to the high cost of living in Sydney, the GST, a total lack of support from the Government (Austudy – who can live on \$130 per week?? My rent is more!)

Quite a number questioned the lack of rent assistance under Austudy, a clear anomaly vis-à-vis Youth Allowance:

I would like the Government to pay mature age students rent assistance too. Cut off is 25 years.

It is grossly unfair that recipients of Austudy are unable to get rent assistance as opposed to all other categories of beneficiaries (ie Youth Allowance, unemployed, sole parent etc). Also rates of payment are lower. Where is the encouragement to get an education!

A great number of students complained about the low levels of income able to be earned before allowances are reduced. This punitive attitude has the effect of condemning many students to poverty and/or inducing them to behave dishonestly:

*[...] The restrictions placed on how much a student can earn whilst receiving Austudy is ridiculous. There is no consideration for how much rent is paid by a student, nor is there any consideration shown for the location of the university. Financially I struggle [...]. The Austudy system of payments needs to be overhauled to take into consideration such things as rent and location. [...]
Payments should be pro-rataed across Australia according to cost of living.*

Youth Allowance encourages students to only work a little ie students should be able to study and earn more without being penalised. Why should students have to be poor?

I would like to work more but I don't because I would lose a considerable amount of my Youth Allowance. The amount we are allowed to earn (approx \$230) a fortnight + max YA + rent assistance (approx \$338) a fortnight, a total of \$570/f is not enough to be able to live near uni in Sydney. The amount we are able to earn on YA should be doubled.

Because of the amount I currently earn, if I was to increase my hours or get another job, after cuts in Youth Allowance and tax, I would only take home about 10c in the dollar. The way Youth Allowance is structured, I cannot earn much more than \$15,000/year unless I work 30+ hours a week. I only increase my take home pay by \$14 for my current last 4 hours of work as a result of cuts to Youth Allowance.

Centrelink must!!! increase the limit of money able to be earned by a person (independent) on Youth Allowance before it starts to reduce the payment, because it is keeping students very poor and prevents them from doing more work (and even paying more tax). It makes little sense to penalise us so much for wanting to work more. The threshold should be increased from \$115 to \$200. This is far more realistic! Please stress this point as it is forcing thousands of people on Youth Allowance to lie, live in poor situations or cheat the Government!!!

Why am I punished by the Federal Government for engaging in part time work to supplement my Austudy? I have to engage in income fraud to make amends sometimes. That is the biggest problem facing self supporting students in Australia!!

Students are only allowed to earn \$100 per week in order not to lose their Youth Allowance/Austudy payment. This is not fare [sic] - \$100+\$150 a week is not enough! Many will have to find a way to get by and use illegal employment. One of them very often in case of females are massage parlours!

Without specifically referring to their sources of income, very many students expressed despair and frustration at their predicaments, eg:

Getting poorer and poorer. No good.

[...] The cost of living in Sydney means that I have a lot of financial stress in my life.

[...] Sydney is the most expensive place to live and I would have stayed in Albury if the course I wanted to do was available.

[...] Meanwhile, as the Government reduces welfare support and hikes up the cost of living for those (like students) who haven't benefited from tax cuts since we're only in low wage employment, our universities are charging more and more for essential student services in an attempt to fill their funding gap left by the government making it even harder for poorer background kids to get to and stay at uni. I'm finding it almost impossible to stay at uni.

[...] I have found it a strain living in Sydney. I couldn't study in the area that I wanted to prior to moving to Sydney but had not anticipated living expenses to be this high.

I find it difficult enjoying university life when I am trying to scrape money all the time.

Conclusion

Based on the findings of two major research studies conducted in 2000 and 2001 (the AVCC's survey of domestic undergraduate student finances and the McInnis Hartley study of the experience of students who had to manage work and study) as well as an analysis of over 1850 comments volunteered by respondents at two universities participating in the AVCC survey, the following conclusions can be drawn:

- the Government's presumption that parents will assume responsibility for their children's higher education is just wrong;
- the level of support provided to eligible students under Youth Allowance/Austudy/Abstudy is totally inadequate for students living in metropolitan areas;
- ineligibility for income support and the inadequate level of student allowances lead to great stress associated with
 - the need to work excessive hours during semester simply to meet living/educational costs; or
 - extreme poverty.

In either case, the quality of the student's educational experience is put in serious jeopardy. This is not in the best interests of the country.

The inquiry therefore needs to give careful consideration to the following changes:

- broadening the eligibility criteria by acknowledging realities;
- increasing the level of support provided;

- varying the amount paid to reflect actual living costs in the student's location;
- introducing rent assistance for Austudy recipients for equity reasons; and
- increasing the threshold level of income able to be earned before allowances are reduced.

Yvette Devlin
June 2004