

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

Submission no: 121

Received: 6/07/2004

Submitter: Mr Felix Eldridge
President

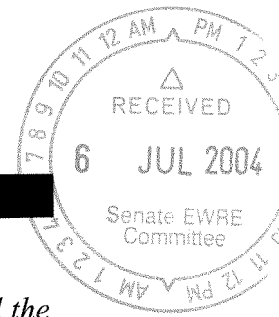
Organisation: Students' Representative Council
University of Sydney

Address: Level 1, Wentworth Building
City Road
University of Sydney NSW 2006

Phone: 02 9660 5222

Fax: 02 9660 4260

Email: president@src.usyd.edu.au



Recommendations:

Social autonomy and equality

1. *That the age of independence be lowered across the board to 18 years and the parental and partner income tests be abandoned.*
2. *That references to family status be removed from the income support system.*
3. *That the process for applying for YA(UTLAH) be reviewed immediately, to ensure that it works to protect vulnerable young people.*
4. *That Youth Allowance, Austudy and NewStart payments be replaced by one single payment with activity tests recognising study as a 'major activity' paid the same rate as for 'looking for work'.*

Provide for rights through the rule of law

5. *That all qualification criteria be a part of Legislation.*

Eliminate racism in the Social Security system

6. *That the Newly Arrived Resident Waiting Period be removed.*
7. *That Temporary Protection Visa 785 (and subclasses 447 & 451) holders be provided with the same immediate access to Youth Allowance/Austudy and Health Care Cards as that available to Permanent Protection Visa (sub class 866) and offshore Refugee Humanitarian Visas (sub class 200-219) holders.*
8. *That ABSTUDY entitlements and programs that applied prior to its alignment with Youth Allowance between 1998 and 2000 be restored and improved, at no disadvantage to the minority of recipients who benefited from those changes.*

Support lifelong learning

9. *That all students, postgraduate and undergraduate, part-time and full-time, be made eligible for income support so that no-one is discouraged from accessing higher education.*
10. *That all students, including those on Austudy, have access to rent assistance payments.*
11. *That the definition of items not treated as liquid assets be expanded.*

Eliminate student poverty

12. *That the level of student income support payment be raised to an amount equivalent to that payable under the Disability Support Pension.*
13. *That the income test for scholarships be removed, and that income support payments are exempt for taxation purposes.*
14. *That a one-off 'start-of-semester' Incidentals Allowance payment of \$200 be introduced for income support recipients whose primary activity is study.*
15. *If the parental income test is to remain, set the age of independence at 21 and undertake a thorough analysis of family incomes and expenditures. In the meantime, the threshold should be increased to the HECS repayment threshold and additional children thresholds increased accordingly.*
16. *That the 'income bank' be available for all income support recipients and that the personal income test be increased to \$316 per week before payments are reduced by \$1 in every \$4.*

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1. Introduction

An essential dimension to undertaking a university education is the ability to be able to support oneself, or have financial support, while studying.

ACOSS, 'Barriers to university participation', submission to the Senate inquiry into Higher Education, Info 350, October 2003, p6

This submission will focus on the experience of students at University. Caseworkers at the Students' Representative Council (SRC) are the primary source of advice on income support for students at the University of Sydney. SRC caseworkers have years of experience in this field.

We approach the inquiry from two perspectives. The first is a concern with the welfare of people who happen to be students; that they be provided with income support sufficient to ensure autonomy, equality and freedom from poverty. The second is to recognise that income support payments for students have a role in meeting the particular needs and costs of students and promoting participation in education.

Our vision of a just society is one that provides welfare in this way and that promotes equal participation in University by those with the least resources. Of course that participation needs more than just effective income support measures. This is just one element of a mix, it also simultaneously requires greater equality in secondary education, higher Year 12 retention rates, the removal of tertiary education fees and user charges and increased Commonwealth funding of student places in Universities.ⁱ

2. Social autonomy and equality

Recommendations:

1. *That the age of independence be lowered across the board to 18 years and the parental and partner income tests be abandoned.*
2. *That references to family status be removed from the income support system.*
3. *That the process for applying for YA(UTLAH) be reviewed immediately, to ensure that it works to protect vulnerable young people.*
4. *That Youth Allowance, Austudy and NewStart payments be replaced by one single payment with activity tests recognising study as a 'major activity' paid the same rate as for 'looking for work'.*

The SRC draws on the National Union of Students (NUS) submission to the Welfare Reform Reference Group in 2002. Central to this paper were the concepts of citizenship, independence and autonomy.

Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation in accordance with the organization and resources of each State, to the economic, social and cultural rights indispensable for his (sic) dignity and the free development of his personality.

United Nations, 1948, Universal Declaration of Human Rights, Article 22

Article 22 of the Universal Declaration of Human Rights provides both a broad definition of citizenship to membership of society and the rights that must be realised within the context of society. The Declaration places responsibility for realisation of these rights predominately with the State.

Article 25 states more particular rights that are particularly relevant in the context of social security responsibilities.

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family (sic), including food, clothing, housing and medical care and necessary social services, and the right to security in the vent of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond their control.

United Nations, 1948, Universal Declaration of Human Rights, Article 25

NUS and the SRC believe the Australian government has a responsibility to provide social security payments to enable more effective participation of all members of society, and that this responsibility is outlined by the Universal Declaration. Effective participation includes freedom from poverty, being able to make independent choices and exercising social autonomy.¹ Indeed, the right to participate fully in society should be the central guiding principles of welfare provision; meeting needs that when unmet render them unable to participate fully in society.

¹ The term social autonomy, as it is used in this paper, is quite different from the liberal notion that 'a man is an island'. The liberal notion is blind to social responsibilities and the concept of rights within the social context. It is precisely these blind spots that are central to the term of social autonomy.

For effective participation to be a choice for all members of society, welfare should be underpinned by the principle of universality of service provision and support and non-discrimination. All students in need of income support should be treated equally, regardless of length of study, sexuality, age and so forth, whilst being recognized to have different needs.

Student income support payments do not currently enable effective participation in society, mainly as a result of conservative and elitist ideology. There are two key aspects that shape the government's conservative agenda towards income support.

The first is an idea that certain people belong in certain places – primarily aligned with class bias but intersecting other diverse modes of oppression. The Howard government envisages that only some students should enter higher education, and the income support system has become shaped in a way that furthers this ideology.

In particular, the government's idealism of the nuclear family is entrenched around income support, meaning that students who do not conform to their idealist notions of 'family' are specifically disadvantaged by eligibility criteria established by the department of Family and Community Services. Ultimately, some students are more equal than others and have a greater right to social autonomy than others.

The second consequence of the government's elusive romance with the 'family' is that the family is increasingly positioned as a care and welfare support mechanism, in the hope that the government can abandon its responsibilities for welfare support.

The SRC believes that social security systems must be neutral and equitable. Discrimination on the basis of age, family status and sexuality must therefore be removed.

2.1 'Independence' criteria

2.1.1 Age of Independence

At 18 years of age, Australians must vote, they can marry and drive and are widely seen as adults. However, young people looking for work are not considered 'independent' until they are 21 years old, and students are not considered 'independent' until they are 25. By raising the age of independence to 25 years of age, and making income support subject to parental income testing, the number of students eligible for payments is greatly reduced.

2.1.1.1 Parental income test

Many students are not eligible for payments because parental income levels exceed the threshold. Youth allowance payments reduce once the combined parental income exceeds \$28,150. Payments reduce by \$1 for every \$4 over the threshold. For students who live at the parental home and have no dependent siblings, they receive no youth allowance payments once parental income reaches \$49,958. For 'dependent' students living away from home in shared accommodation, they receive no youth allowance payments once parental income reaches \$67,888.

Anecdotal evidence from SRC casework would suggest the parental income threshold is always too low. Families that are subject to higher parental income thresholds on the basis of other dependant siblings do not benefit as the income level remains far too low to reduce financial vulnerability. Just over half the students under 25 years of age (53.3%) in 2000 had not applied to receive any income support because their parents or their own income was thought to exclude them from eligibility.ⁱⁱ

The burden on students and their families to pay for basic necessities is often placed upon those who can least afford it. As Birrell *et al* have said, the severity of the parental income test "is contributing significantly to the low participation rates in higher education" of students from households with modest incomes.ⁱⁱⁱ Young peoples' social autonomy is undermined. Their choices regarding higher education are directly affected, and for those who choose to enter tertiary study, many do not have the financial means to choose to live outside the parental home.

According to a report by The Foundation for Young Australians, young people are increasingly less likely to move out of the parental home. 61.9% of young people aged between 15 and 24 years were living at their parental home in 2001. Over half of these were dependent students.^{iv} Of youth aged 20 to 24 year olds, almost half lived with their parents; 45.8% and 49.8% in Australia and NSW respectively.^v

Young people of a non-English speaking (NESB)² background, particularly girls, are more likely to remain in the parental home as young adults.^{vi} NESB secondary students are more likely to receive Youth Allowance than their Australian born counterparts; 42% compared to 28% in 1998.^{vii} There may be a relationship here, with NESB students coming from families that are less financially robust, and themselves less likely to be financially independent. There may also be other, non- or less economic-based, reasons.

The report by The Foundation for Young Australians also highlighted the fact that many young people may return to the parental home, after having left, specifically because of difficulties becoming financially independent.^{viii}

There is no logical reasoning for arbitrarily high ages of independence that make students subject to parental means testing. The only reason is a mean-spirited attempt to save some budget dollars. For example, Deacon and Bradshaw's work on means testing in Britain found that policies that increase the reliance of family income testing can reduce government expenditure.^{ix}

Lowering the age of independence to 18 and abandoning the parental income test would better recognise the reality of students' and family's living and financial situations, and enable them to have social autonomy. Higher education and independent living arrangements³ should not be determined by parental income.

² The Commonwealth definition of NESB only includes people who came to Australia within the last 10 years. The definition does not include peoples born in Australia, or peoples on humanitarian visas who have been in Australia for over 10 years.

³ 'Independent living arrangements' does not necessarily mean living alone. Rather it means being able to make a choice regarding living outside the parental home as an adult.

2.1.2 Marriage and marriage-like relationships

A marriage-like relationship can be the grounds for independence, but only if you are in a heterosexual relationship. A social security system based on marriage-status and sexuality is not only inappropriate but also offensive. This criterion upholds the family as an institution and mechanism of privilege and denigrates same-sex relationships as not only inferior, but also invisible.

The SRC argues that institutions of the family and marriage should not serve as a privilege for income support payments. The SRC believes that relationships with anybody, same sex or other, should not be the basis upon which income supports payments are determined.

Furthermore, it is anachronistic to base income support on marriage status. A report published by the Foundation for Young Australians found that 10.6% of young people aged between 15 and 24 live in a marriage-like relationship. (It is not identified how many were students, nor how many were same-sex couples.) The marriage rate has been in decline (dropped by over 24% between 1983 to 1993^x) and it is predicted that young people will be less likely to live as couples in the future. By 2021 it is estimated that only 4.6% of young people aged 20 to 24 years will be living as a traditional nuclear family, the least common family type in this age group.^{xi}

If young people are recognised as independent at 18 years of age, then students will not need to use the marriage-like relationship criteria to gain independence and family status will be appropriately irrelevant in income support determinations.

2.1.3 Unreasonable to live at home (UTLAH)

In 2001, 11% of youth allowance recipients gained independence on the grounds of UTLAH. Of these, 72% were between 18 and 24 years of age. The number of fulltime students on YA(UTLAH) increased between 1999 and 2001 to approximately 23,500.^{xiii} We posit that the number of students for whom it is unreasonable to live at home is actually a lot higher, but they are not recognised in these statistics because it is often easier for them to gain 'independence' through other criteria.

Many students cannot live at the parental home as a result of abuse, emotional or physical. Applying for UTLAH is essential if student are to be able to meet some of the daily costs incurred when a student needs to live away from the parental home. However, the UTLAH stringent and invasive application process is a disincentive to apply and often results in additional trauma.

Young people who are already vulnerable as a result of their experiences are subjected to continuous questioning and made to feel that they are not believed. Students are questioned and re-questioned and Centrelink often insists on speaking to the parents, which may not in the students' best interest. Some students prefer to live in abject poverty than risk the outcome of not being able to satisfy Centrelink's 'hoops'.

Case study:

'Sally' left her parents' home because of constant emotional abuse by her mother. Sally didn't want to trouble anyone else with her problems and so did not think to visit a counsellor or discuss the situation with her doctor. She talked to a customer

service officer at Centrelink and was told she needed to have evidence of the abuse. She knew she did not have the evidence they were referring to, and had heard that Centrelink would probably contact her mother if she applied. She decided that it would be easier for her to not apply. She was homeless and got food from supermarket dumpster bins to survive.

Many queer students need to move from their parents home because of their 'other' sexuality and lifestyle. However, Centrelink guidelines say that students cannot gain UTLAH on the basis of 'lifestyle'. This grossly misunderstands the effect of homophobia within the family and home.

Case study:

'John' is a young gay male student. His parents disapprove and living with them means daily conflict and trauma. In the interests of his emotional well-being John was forced to leave home. A lack of money meant that John slept on people's floors while studying full-time. After a couple of months, John applied for UTLAH. He was asked what attempts he had made at remediation, and Centrelink insisted on contacting his family. John resisted this contact as he was scared that it would worsen the relationship. He was asked for a statement by a third party, such as another family member, but his parents did not want anyone in the family to know and John could not insist on them talking to anybody.

Insisting that students should have attempted, and should continue to attempt, remediation with their families places homophobia and other unreasonable behaviour by the family as the students' responsibility. It also is ignorant of the power-relationships that are present within families, particularly at times of conflict. This is unreasonable and privileges the family as an institution over the rights and well-being of students who need to live out of the parental home.

The 'unreasonable to live at home' criteria is substandard in its current form. The process to 'prove' some students need to live independently of their parents is arduous, invasive and highly stressful. It often places already vulnerable students in more stressful situations, where they are forced to expose themselves further and increase the existing family power differential. Students with frustrated familial relations should not be effectively forced to give permission for Centrelink to contact their parents.

Case study:

'Andrea' was forced to leave the parental home when her parents found out she was a lesbian. When applying for UTLAH, she was asked if she would allow Centrelink to contact her parents. When she refused, the Centrelink social worker said she was being unreasonable. Andrea feared her parents would resort to physical violence if they saw her again. The social worker assured her, without any knowledge of the people involved, that she was mistaken. Andrea stood her ground and insisted that she would not give permission to contact her parents. The social worker told her that it would therefore be very difficult to process her application and she should probably expect it would be declined. The social worker added that this would be a different case if she allowed Centrelink permission to contact her parents.

At the moment the system discourages students from applying for UTLAH. We suspect that it means many students cannot receive payments as they are considered not to be 'at risk' enough. It should not be up to charities and non-governmental organizations to provide for 'at risk' youth. Nor should young people be forced to live in abject poverty where crime and sub-human living conditions are their only choices.

The SRC recommends that the process be overhauled so that vulnerable young people have the financial means to leave the parental home without being subjected to invasive and threatening interrogation. Young people should be able to make decisions about their own well-being without being forced to make bad decisions by Centrelink social workers. Young people should be seen as having the best intentions for themselves and having the most accurate and reliable information about their own lives.

2.2 Partner Income Test

As argued above, determining social security payments on the basis of family status and wealth is inappropriate in contemporary Australian society. The partner income test is informed by social policy developed on a presumption that women are dependent on their husbands within a nuclear family structure.^{xiii} This has become increasingly unrealistic with societal changes, increasing financial independence of women and the disincentive of well documented sexually transmitted debt. Not only are marriage rates and cohabitation rates set to decline, but individuals are increasingly financially independent, including when they are in relationships.

Research by the NSW Department of Women which surveyed 1,200 Australians found that among adults in a 'couple' household, 12% of Australian respondents reported having completely separate finances. Only 42% of Australians in a couple household have completely joint finances with another person. Australian women respondents were less likely to identify their finances as completely joint than their male counterparts, and more likely to view their finances as totally separate.^{xiv} It is therefore inappropriate, on the basis on numbers, for student income support to be based on outdated concepts of family.

2.3 Differential payments: Why three when one will do?

The three separate payments of Youth Allowance, Austudy and NewStart, together with the varying and arbitrarily high definitions of 'independence' draw artificial lines between young adults. This categorisation is inequitable and does not allow them to be socially autonomous.

Study is already a recognised 'activity' within the Social Security Act, but Centrelink payments are discriminatory in that students are paid less for undertaking their activity compared to others. In constructing activity tests, the study component should carry much heavier weight. Study should be recognised as a **major** activity and students should be paid no less than those who are engaged in looking for work.

In practice and in principle, the SRC sees no difference between the basic needs of students and others receiving income support. There are no lower costs for students. In order for the income support to be equitable and promote social autonomy, the SRC recommends that the three payments be replaced by one single payment.

3. Provide for rights through the rule of law

Recommendation:

5. *That all qualification criteria be a part of Legislation.*

The experience of SRC caseworkers assisting students at the University of Sydney is that Youth Allowance 'satisfactory progress' rules outlined in the *Youth Allowance (Satisfactory Study Progress Guidelines) Determination 1998* are unnecessarily ambiguous and open to varying discretion. The Department's interpretation of this Determination in the DFACS Guide to Social Security Law has varied from year to year. The SRC strongly believes that the Determination needs Parliamentary review and enablement in legislation.

In contrast to Youth Allowance, the Austudy 'satisfactory progress' criteria are laid out in detail in section 569 (with particular reference to section 569H) of the Social Security Act. These criteria do however need urgent review to bring them in line with the Youth Allowance criteria which does not discriminate against students doing a second degree at a particular level. (see lifelong learning, section 5)

The SRC believes that qualification criteria should primarily be laid out in Legislation, not in Determinations or Guidelines produced by the Department or Centrelink. We believe that social security is a right and that this is best defined and protected through legislation examined and passed by Parliament.

These matters should not be open to levels of discretion that allow inequitable and arbitrary differences of treatment for people in similar circumstances. Nor should they be open to 'policy' changes across time that are not examined and reviewed by Parliament. Legislation also provides individuals with some balancing of power in the unequal circumstances they face when dealing with large, and at times, unresponsive organisations such as Centrelink.

The National Welfare Rights Network in their submission to the McClure welfare review extensively argued this position. This submission also argued that "The only way of sustaining a fair, comprehensive and accessible Social Security system is for it to be underpinned by a legislated system of categories that recognise, respect and reflect the significant differences and capabilities of different categories of income support recipient."^{xv}

If as argued earlier, the payments are combined, then the criteria for the category of 'student' should be laid out in legislation and differentiated from the legislated qualification requirements for job seekers.

4. Eliminate racism in the Social Security system

Recommendations:

6. *That the Newly Arrived Resident Waiting Period be removed.*
7. *That Temporary Protection Visa 785 (and subclasses 447 & 451) holders be provided with the same immediate access to Youth Allowance/Austudy and Health Care Cards as that available to Permanent Protection Visa (sub class 866) and offshore Refugee Humanitarian Visas (sub class 200-219) holders.*
8. *That ABSTUDY entitlements and programs that applied prior to its alignment with Youth Allowance between 1998 and 2000 be restored and improved, at no disadvantage to the minority of recipients who benefited from those changes.*

4.1 Recently Arrived Migrants

Over the last decade the law in Australia has been changed to exclude recently arrived migrants from the social security system, in particular through the 104 week *Newly Arrived Resident Waiting Period*. The arguments put by T. H. Marshall and others about the rights of citizens to basic support can be updated to include all members of society, not only formal citizens. People who have been accepted into Australia as residents should be accorded the same rights as any other member of society.

Australia has a responsibility to, and interest in, assisting all residents and encouraging everyone to participate in society and in particular in education. People should not be excluded from the safety net if there is need. Exclusion from income support often hinders new residents and, at times, pushes them into destitution and dependence on charities.

The experience of caseworkers at the SRC is that students are a workforce segment particularly vulnerable to workforce exploitation - notably in the hospitality industry. The waiting period significantly compounds this exploitation where many students subject to the waiting period have no choice but to work long, low paid hours.

It is also our experience that students subject to the waiting period are subject to significant housing overcrowding problems, with large family or house-share groups being forced together in expensive but sub-standard accommodation. Apart from the detrimental physical and mental health impacts, this makes study at home almost impossible and leads to subject failures and students dropping out or being excluded by universities for unsatisfactory progress.

Using the 2 year waiting period rules as a way of excluding people from a 'different' racial or ethnic background and/or nationality sets up a system of discrimination based on race and nationality. This contravenes Australia's obligations under the Universal Declaration of Human Rights.

4.2 Refugees

Permanent and Humanitarian Visa holders have a 'Qualifying Residency Exemption' which means they are exempt from all qualifying residence and Newly Arrived Resident Waiting Period provisions, provided they continue to reside in Australia. They can therefore get immediate access to Youth Allowance and Austudy.^{xvi} Those on temporary visas however, cannot.

All refugees also have particular, distinct and additional needs to others in the general community. In their first years in Australia refugees have needs for housing, education, health and challenges of culture, experiences of trauma, language and family responsibilities. These combine to keep both 'temporary' and permanent refugee families and individuals in poverty.

The SRC agrees with the Refugee Council of Australia in its submission to the McClure review of welfare reform which refers to the International Covenant on Civil and Political Rights 1966 and the International Covenant on Economic, Social and Cultural Rights, 1996. The Council argued that general human rights derive from the inherent dignity of every individual and are possessed regardless of characteristics such as race, ethnic or national origin or immigration status. Accordingly, human rights are owed to every person if they are in Australia and under the jurisdiction of the Australian government.^{xvii} Neither these rights, nor the jurisdiction, can be transferred, particularly through mechanisms such as the 'Pacific Solution'.

While here refugees deserve support. Distinctions between 'temporary' and 'permanent' have no place in a social security system. From the particular perspective of a SRC at a university, we recognise that all refugees need access to education, which includes access to adequate through income support and fully- government funded higher education places.⁴ The government also has a responsibility to ensure all refugees have access to fee waivers for TAFE, generally granted to holders of Health Care Cards.

4.3 ABSTUDY

All available evidence shows there has been a significant decline in levels of Indigenous participation in higher education and that one important factor in this decline has been the 'mainstreaming' of ABSTUDY. The test of the 'practical reconciliation' agenda is outcomes and it is on this test the agenda has failed.

The SRC supports the separate and different identity of a social security education support scheme for indigenous people - ABSTUDY. The needs of Indigenous students should be recognised through improvements to ABSTUDY.

We await progress of the Review process set up by the Department, with a discussion paper due in July 2004. We call for a halt to the recent plan, to reduce from 14 to 4 the number of assessment centres handling ABSTUDY, until that Review is completed.

4.3.1 Decline in participation

A 2003 study found that between 1986 and 1996 there was a gradually increasing proportion of indigenous people of working age (15+) attending University. However, from 1996 to 2001 this proportion crashed from 4.2% to 3.1% for indigenous males (below the 1986 figure) and from 5.1% to 4.7% for indigenous females. During this time, the proportion of the non-indigenous population attending university remained

⁴ While some universities, such as the University of Technology, Sydney (UTS) and RMIT, currently make some places available to refugees at no 'cost' to the student, the government is actively ignoring its responsibilities and displacing them.

stable. There was also a decline in indigenous participation at TAFE between 1996 and 2001.^{xviii}

This inequality has become worse in recent years. The Government's 2001 National Report on Indigenous Education stated that, "Between 1999 and 2001 the numbers of commencing students fell by 16% to 3,566 while the numbers of all Indigenous students fell by 9% to 7,342."^{xix} The Report also identified that course completion rates are lower for indigenous students than for non-indigenous students. The course completion rate for the 1993 cohort of indigenous students was 41.6%, compared to 64.6% for non-indigenous students.^{xx}

Bunda and McConville summed up the extent of the decline in indigenous participation in 2002 when they said, "Ten years of growth of participation of Indigenous Australians in higher education has been reversed in the space of two years."^{xxi}

4.3.2 Changes to ABSTUDY

There is a strong link between the decline in indigenous participation at university and TAFE and changes to ABSTUDY. Bunda and McConville identify ABSTUDY as vital in improving indigenous participation in university and TAFE. They argue that there are clear causal links between cuts to ABSTUDY and decreasing levels of indigenous participation on higher education.^{xxii}

Reduced levels of allowance, changes to 'independence' status criteria and 'away from base' payments have all had an impact. The changes ultimately raised the level of 'risk' of higher education to too high a level for mature age students juggling family and study responsibilities.^{xxiii} The mainstreaming process also showed itself with students reporting problems at local administrative level "of being directly put under pressure as ABSTUDY recipients not yet 'transferred' to Youth Allowance or NewStart."^{xxiv} These pressures were also noted by SRC staff at that time.

Mainstreaming ABSTUDY has parallels to the failed policy of assimilation. Cuts to ABSTUDY payments arose from a racist political agenda, which comprised of attacks on indigenous people with allegations of 'unfair special treatment' and 'undeserved extra payments'. To quote Hunter *et al*, "Changes to ABSTUDY instituted by the Howard government in 2000 reduced access to and eligibility for the program for some indigenous students who in the past would have been ABSTUDY recipients. Contrary to government predictions, our analysis of the census data between 1996 and 2001 shows a corresponding reduction in educational outcomes for Indigenous Australians."^{xxv}

4.3.3 Need and Difference

The SRC believes that educational and material disadvantages of indigenous people are differences that have to be addressed by recognising their specific needs. This means that ABSTUDY must remain separate from other income support payments as there is a continuing need for targeted assistance in indigenous education.

Bunda *et al* note that "the positive aspects of the ABSTUDY program, which supported higher retention and higher enrolments, such as 'away from base' arrangements, effective student support for residential schools and adequate


availability of mentoring and tutorial support need to be re-built, while benefit levels should also be examined.^{xxvi}

Separate administration is also vital in order for ABSTUDY to be a successful tool in assisting indigenous participation in higher education. To quote Hunter *et al*, “The scheme provided much greater programmatic and administrative flexibility to meet the special cultural needs of Indigenous students than is possible under the mainstream Austudy or Youth Allowance schemes or the post-2000 ABSTUDY. The decline in educational outcomes suggests the continuing need for targeted assistance programs.”^{xxvii}

Hunter *et al* note that the differentiation from other income support payments is crucial to its success in terms of perception by indigenous peoples. “ABSTUDY and its predecessor have been in place for nearly three decades and have come to symbolise recognition of the special educational disadvantage of indigenous Australians. Indigenous people regard the program as a ‘tried and true’ means of enabling access and participation that would otherwise be difficult.”^{xxviii}

The SRC recommends that ABSTUDY be restored to recognise massive continuing educational disadvantage and different cultural and material needs of Indigenous students, both in payment structures and the administration of these payments.

The needs of students who have received ABSTUDY in recent years are highlighted by their desperate reliance on loans through the Supplementary Support Scheme. This scheme, through the loss of or ‘trade in’ of grants in order to match any additional money, effectively carried a 100% up-front interest charge. The combined amount then sits as debt (plus annual CPI interest) for indigenous students until they can pay it off. The level of this debt for some, albeit a relatively small number, of students has reached a massive \$320 million dollars (for 2001-2002). We support the National Tertiary Education Union’s call to have this debilitating level of debt written off.



5. Support lifelong learning

Recommendations:

9. *That all students, postgraduate and undergraduate, part-time and full-time, be made eligible for income support so that no-one is discouraged from accessing higher education.*
10. *That all students, including those on Austudy, have access to rent assistance payments.*
11. *That the definition of items not treated as liquid assets be expanded.*

The Commission for a Nation of Lifelong Learning in the United States, quoted by DEST, has defined lifelong learning as “a continuously supportive process which stimulates and empowers individuals to acquire all the knowledge, values, skills and understanding they will require throughout their lifetimes ... and to apply them with competence, creativity, and enjoyment in all roles, circumstances and environments.”^{xxix}

Lifelong learning, in its ideal form, offers an opportunity to reduce multifaceted disparities within society and reduce social exclusion. With this in mind, it is crucial to understand that many people are discouraged to return to study in the absence of a continuously supportive process. This process requires adequate income support so that people are able to make real choices about their learning and their futures.

To quote from a 2003 DEST paper, “Australia’s capacity to achieve higher levels of educational participation may be undermined by the widening socio-economic gap between individuals in highly paid/high-skilled jobs and people in low paid/low-skilled work. As it presently stands, the emphasis the lifelong learning policy agenda places on individuals’ co-financing of their own learning contradicts its stress on lifelong learning as a remedy for social exclusion.”^{xxx}

The SRC supports the concept of lifelong learning and argues that for outcomes to be attainable, it is vital for all students to receive adequate and equal levels of income support.

5.1 Partner income test

The partner income test is a disincentive for many to engage in study as it is highly restrictive. A student loses 70 cents in the dollar when their partner earns over \$713.86 per fortnight, or \$18,248.36 per year. It cannot be assumed that partners have joint finances (see section 2.1.2), nor that a partner on a low income can adequately support both themselves and their student partner.

The partner income test is disadvantageous for people wishing to engage in life-long learning, particularly for partnered women with children and those with lower socio-economic status. The SRC therefore recommend that the partner income test be abandoned on these grounds as well as on those referred to in section 2.

5.2 Austudy and rent assistance

NSW has by far the lowest levels of rent affordability with the exception of the ACT.^{xxxi} It is rare for SRC caseworkers to see a University of Sydney student paying less rent than the threshold to receive the maximum rent assistance amount.

Housing affordability is a major problem but improves for many students if they receive rent assistance. In NSW the proportion of income spent on rent by rent assistance recipients is very high. Without rent assistance, 27% of recipients would have spent 30% or more of their income on rent, 41% of recipients would have spent 30%-50% of their income and an alarming 32% would have spent over half their income on rent. After receiving rent assistance, 60% of recipients spend 30% or less of their income on rent, 28% of recipients spend 30%-50% of their income and 12% spend over half of their income on rent.^{xxxii} Private rental accommodation would be more affordable if rent assistance was available to Austudy recipients.

There is no justifiable reason why Austudy recipients, students over 25 years of age, should not receive rent assistance payments that are payable to recipients of Youth Allowance and NewStart. On grounds of equity, students over 25 years of age must not be discriminated against. It can also be argued that Austudy students have greater need.

Austudy recipients are more likely to live outside the parental home and therefore more likely to need rent assistance. Indicators that their need for assistance is high include that 'single person only' households are the largest number (55%) of rent assistance recipients and that a big group (22%) of Youth Allowance recipients receive rent assistance.^{xxxiii}

The circumstances of many students over 25 years of age is that they are returning to study after a period of time and/or their education has been delayed and/or disrupted. By not allowing Austudy students to receive rent assistance, the Commonwealth is actively discouraging students over 25 from returning to study. Being excluded from rent assistance payments creates a major disincentive for unemployed people to return to study in order to improve their skills and boost their chances for securing a job. People over 25 years of age are effectively not invited to benefit from the rewards that lifelong learning can offer.

The SRC notes that ACOSS has calculated that unemployed adults receive \$83 a week more in payments than Austudy recipients. Austudy students only receive \$159 a week, a payment that is 35% below the Henderson poverty line. This places them in a more vulnerable position than recipients of youth allowance who are entitled to rent assistance.

The SRC supports ACOSS in recommending that all students eligible for student income support payments be entitled to rent assistance when they have rental costs. We also support the recommendation that rent assistance should also have some form of loading, or 'zoning model', for regional variations in rental costs.^{xxxiv}

The SRC has concerns about the impact of rent assistance schemes driving up some private rental prices as landlords take windfall profits. Housing affordability also needs to be improved by reversing the decline in investment in public housing to increase low cost public rental availability and put market pressure on low cost private rent prices in places like inner city Sydney. There is an immediate need to improve affordability and, however imperfect, rent assistance is needed in the short term. While it is needed it should be made equitable.

5.3 Postgraduate study

5.3.1 Postgraduate students

Masters and PhD courses are not approved courses for students to receive payments of Youth Allowance or Austudy. Nor can a student who has a postgraduate qualification qualify for income support, even if they are currently enrolled in an approved course. This is despite the fact that education and the employment market have changed significantly in the recent times. Attainment of higher level qualifications, usually Masters, are needed to enter numerous professions. PhDs are vital. To quote DEST: "Excellent research is critical to Australia's economic prosperity and the security and social wellbeing of all Australians."^{xxxv}

As far back as 1999 the Department of Family and Community Services conducted a Review of Academic Rules applying to Youth Allowance and Austudy. The objectives of the review were to:

- *examine whether it is appropriate to simplify these rules based on the notion that if a person achieves a higher skill level that the type and length of the course should not be a major factor in determining their entitlement to Youth Allowance;*
- and
- *Consider the changing employment entry-level requirements and the appropriateness of extending income support for postgraduate studies where it is a pre-requisite for entering a profession.*

As far as we are aware no published Report was made, although a brief Background and Objectives paper was provided to organisations, such as the SRC, who were consulted. That paper noted that "the employment entry level for some professions has changed, requiring a higher qualification of education, which may not qualify the young person for YA or Austudy payment eg. A degree of Master or Doctor."

The continued and unjustified exclusion of postgraduate courses from the approved courses group for student income support payments is a major disincentive to further study and lifelong learning. Some students are not able to continue their studies to the level that they wish, purely because of financial reasons. This has repercussions upon their careers and future choices, as well as a detrimental effect for the future of lifelong learning in Australia.

The SRC recommends that income support be payable to post-graduates, in the interests of lifelong learning and in recognition of the increasingly qualifications required in many parts of the workforce.

5.3.2 Postgraduate graduates

Under the Social Security Act 1991, completion of a postgraduate degree, including a Masters coursework degree, renders students ineligible for payments. There is no discretionary provision and no appeal. The Act's consideration of postgraduate degree graduates is set out at section 569, which reads as follows:

s569. (2) A person cannot be taken to satisfy the activity test if the person:

- (a) *is employed on a full-time basis as an apprentice or trainee under an industrial instrument and has a training agreement (however described) with a training authority (by whatever name called) of a State or Territory; or*
- (b) **has completed a course for:**
 - (i) *a degree of Master or Doctor at an educational institution; or*
 - (ii) *a qualification at a foreign institution that is, in the Secretary's opinion, of the same standing as a degree of Master or Doctor at an educational institution.*

The SRC does not believe that s569 of the Act was intended to prevent Masters degree graduates from undertaking another Bachelor's degree program. Certainly, this 'unintended consequence' is quite incongruous with the federal government's rhetoric on Australia's knowledge economy and, specifically, out of step with current higher education trends.

Degree programs necessary for professional vocations are increasingly being structured as graduate programs – a program where entry is conditional upon completion of a degree. Medicine and Dentistry at the University of Sydney are now solely graduate programs, whilst the Faculty of Veterinary Science soon expects to finalise its graduate program.

Students seeking admission to these competitive entry courses have often undertaken postgraduate studies, particularly Masters degree programs. As a result of the employment related opportunity costs of extended full-time study, students frequently lack the financial resources to engage in further study and many need Centrelink payments if they are to study their chosen degree.

The SRC recommends that all students, regardless of previous study, be entitled to apply for student income support. This will further develop the government's commitment to lifelong learning in a real and tangible way, and recognise increasing educational and daily expenses.

5.4 Part-time students

There are occasions where students who are normally enrolled fulltime, need to study part-time; for example at the end of their degree course when their remaining loads are less than a full-time load, when students cannot study fulltime as a result of prerequisite subject rules and when academics specifically recommend students take a lighter load.

Other students choose to go part-time throughout the duration of their degree, or for substantial parts of the time. Reasons for choosing part-time study vary, for example, sometimes students have carer responsibilities to family members while others need to study part-time because of financial reasons – they need to have the time to generate sufficient income levels.

If payments are to encourage people to study, these payments should treat everybody equally, including part-time students who are currently not entitled to Youth Allowance or Austudy payments. Consistent with our recommendation that 'study' should be recognised as a major activity within income support activity tests, the SRC

recommends that study continue to be recognised as a major activity if students are enrolled part-time.

Many students are forced to discontinue or become part-time as a direct result of financial difficulties – they need to study fewer hours in order to work more and meet their income needs. The fact that part-time students are ineligible for income support payments discourages study and means that students need to work even longer hours. It is possible that both retention rates could be increased if students were eligible for income support payments when they were enrolled part-time.

The SRC recommends that all study, whether part-time or full-time, be counted as a major activity, and that they not required to undertake any additional ‘activity’ – such as look for work – in order to be eligible for payment.

5.5 Liquid Assets

Many students who intend to return to study make an effort to save before they enter higher education in the hope that this will ease the financial burden on them when they are studying. If students have managed to put aside over \$2,500 they are punished and are subjected to a waiting period – 1 week for every \$500 over the \$2,500 limit.

Setting a limit at \$2,500 and imposing a waiting period does not recognise the high costs that are borne by students. It sends a message that students on income support payments must be totally desperate and will be punished if they take responsible action to ensure they do not experience extensive financial hardship.

The SRC recommends that the definition of items not treated as liquid assets be expanded. In particular, the \$2,500 limit and waiting period should be reconsidered in line with contemporary student costs and living expenses.

6. Eliminate student poverty

Recommendations:

12. *That the level of student income support payment be raised to an amount equivalent to that payable under the Disability Support Pension.*
13. *That the income test for scholarships be removed, and that income support payments are exempt for taxation purposes.*
14. *That a one-off 'start-of-semester' Incidentals Allowance payment of \$200 be introduced for income support recipients whose primary activity is study.*
15. *If the parental income test is to remain, set the age of independence at 21 and undertake a thorough analysis of family incomes and expenditures. In the meantime, the threshold should be increased to the HECS repayment threshold and additional children thresholds increased accordingly.*
16. *That the 'income bank' be available for all income support recipients and that the personal income test be increased to \$316 per week before payments are reduced by \$1 in every \$4.*

The Smith Family Report *Financial Disadvantage in Australia* showed that in 1999, 27.4% of young people aged 15 to 24 who had left the family home and were single, were living in poverty.^{xxxvi} Students are a significant at risk group, and many students are within this age range.

6.1 Costs to students at the University of Sydney

The SRC placed a Student Welfare Survey (2003) on the SRC website and students were invited to respond. Between mid-January and mid-March 2004, 1,088 students responded to this online survey. Part of this survey attempted to identify living and study costs borne by students.⁵ While the information collected is not definitive it does provide insight into student costs.

Transport

University statistics show that most students live beyond walking distance of the university. This indicates that travel costs are a significant cost for most students.

In the Welfare Survey, 870 students out of 1,088 respondents identified travel costs, with 768 students traveling to university via public transport. 214 students said they paid weekly travel costs of between \$20 and \$24.99 (the mode). 32 students identified transport costs in the 'additional costs' question. If these costs are included in the transport section, the mean average cost, if spread among all 1,088 student respondents, is \$20. The mean average transport costs per week, among the 902 respondents who identified transport costs, is \$24.25.

We therefore estimate that average students pay between \$20 and \$25 per week on transport.

⁵ It seems that some respondents found it difficult to identify their costs on a weekly basis as some items were not costed. Others responded with such high weekly cost amounts, sometimes amounting to thousands of dollars, that they have been removed from the data analysis as they are strongly suspected to be monthly, semester or even yearly costs.

Leisure and entertainment

A number of students said that the money they spent on leisure varied depending on what their other costs that week had been.

135 students said they spent \$10-14 dollars on leisure activities per week.

157 students said they spent \$20

136 students said they spent \$50

The mean average among the respondents was \$32 per student per week. We therefore estimate that students spend between \$20 and \$32 per week on leisure and entertainment.

Personal care

A number of students said weekly expenditure on personal care items (such as sanitary products, toiletries, condoms) varied, and often depended on others costs that needed to be met.

The mode expenditure was \$10-14 per week, identified by 196 students. The mean average expenditure on personal care products per week, among the students identifying such costs, was approximately \$12. We therefore estimate that students spend between \$10 and \$14 per week on personal care products.

Food

The mode spent on food per week was \$50, the amount identified by 175 students. However, 288 students said they spend more than this each week on food. Of those students who identified their food costs, the mean average was \$55 per week per student.

We therefore estimate that students spend between \$50 and \$55 per week on food. However, we note that this may be a conservative estimate given the high numbers of students who responded that they spent over \$50.

Clothes

124 students responded that they spent \$20 per week on clothing, the mode. The mean average spent by those students who identified a cost was \$31. The mean of all 1,088 students is \$19 (to the nearest dollar).

As clothing is more likely to be a one of expenditure that a constant need, we therefore suggest that it is most appropriate to take the mean average of all students in this calculation. We estimate that students spend between \$19 and \$20 per week on clothes.

Phone

Of the students who identified phone costs, 260 students paid between \$10 and \$14 dollars, the mode expenditure. The mean average amongst these students was \$18 per week.

As most students are likely to incur phone costs we suggest that these figures, based on identified costs, give a fair guide to student phone costs. We therefore estimate that students spend between \$12 and \$18 per week on phone costs.

Childcare

Eleven students identified weekly childcare expenses that varied between \$15 and \$150 per week. Two respondents identified paying \$20 per week and two other identified their childcare costs to be \$55 per week. The average among these eleven students was \$56 per week.

Childcare costs will vary according to domestic situations and course requirements. Courses such as medicine that require long hours, much of which is on the ward and in other practical sessions where parents cannot bring their children will often increase their child care costs.

Childcare costs do not apply to the majority of students at University as most students do not have dependent children and have therefore been omitted from the total costs of the average student. However, it must be appreciated that childcare costs mean substantially higher outgoings for student parents.

Given the increasing emphasis on lifelong learning the proportion of students with dependent children can reasonably be expected to increase in the future.

Health⁶

Health costs are greater among students with identified health conditions, and this was identified by some of the students who participated in the survey. However, even if a student does not have constant weekly costs, the costs of being ill – the risk of which is heightened by stress and lack of sleep – are often substantial when they are one off payments.

78 students who answered the survey said they paid the mode cost of between \$10 and \$14 per week on health, the mode expenditure. The mean average health costs per week, among students who identified such costs, was approximately \$15. The SRC therefore estimates that students spend between \$12 and \$15 per week on health related expenses.

Utilities

Of the 326 students who identified costs for utilities (eg. gas and electricity), most students (178) identified paying between \$10 and \$20 per week, the mode. The mean average cost among these students was \$31.20, however the SRC considers this figure to be statistically unreliable as it seems a number of students identified fortnightly, monthly and quarterly rates without specification.

The SRC therefore estimates that students spend between \$10 and \$20 per week on utilities.

⁶ 120 international students answered the SRC Welfare Survey. International students must pay for private health cover as a condition of their visa. Responses of international students suggested that they were likely to identify health costs as a one-off and do not include it in their weekly expenses.

Course related costs⁷

157 students identified paying between \$10-14 per week on course related costs, the mode amount. However, 321 students said they pay more than this, 122 paying \$20 a week. 16 students identified course related costs, including Internet charges and music lessons, in the question for additional costs. When these costs are included, the mean average course related costs paid by students a week was approximately \$27.30.

The SRC therefore estimates that students spend between \$12 and \$27 per week on course related expenses.

Additional costs

Students were invited to estimate additional costs. Some students identified these costs and we were able to allocate these into previous categories, for example some students identified that they had put their transport costs in the additional costs column. Costs that had been counted elsewhere were not double counted and were removed from this category.

Of the identified additional costs that did not fit into the earlier categories, the additional mean average weekly expenditure (total costs divided by number (109) of people identifying additional costs) was \$43.68.

This included repayments on loans and credit, which were identified by 16 students (not including the 4 loans for cars – these were placed in the transport section). Repayments varied between \$15 and \$200 per week.

Total Weekly Costs, excluding rent

The figures given in the below table draw on the data discussed above, gathered in the SRC survey. There will be students whose costs are substantially higher, and others whose costs are identified to be lower. These figures are rough estimations of the weekly costs borne by 'average' students at the University of Sydney.

Cost item	Estimated weekly costs (\$)
Travel	20.00 to 25.00
Leisure & entertainment	20.00 to 32.00
Personal care	10.00 to 14.00
Food	50.00 to 55.00
Clothing	19.00 to 20.00
Phone	12.00 to 18.00
Health	12.00 to 15.00
Utilities	10.00 to 15.00
Course related costs	12.00 to 27.00
Additional costs	43.68
Total weekly costs (excl. housing)	208.68 to 264.68

This compliments estimations made by students who completed the survey and did not incur accommodation costs. If the 609 students living in the parental home are isolated in the data analysis, their estimated mean average weekly costs were \$226.

⁷ Amounts that were in the thousands were excluded in these calculations as it is assumed that these are semester or yearly expenses, but it is not specified.

Rent

Most students who live outside the parental home are in private shared rental accommodation. This accounts for 260 respondents. 52 respondents rented and lived alone, 41 respondents owned their own home, and 28 identified their accommodation as 'other'. One student stated they had no accommodation.

The mode rent paid by 37 students who completed the questionnaire was \$150 per week.

This compliments SRC research into housing costs undertaken in March 2004.⁸ Our research found that the average weekly rent paid by University of Sydney students living close to the Camperdown (main) campus in December 2003 was \$159. (When on-campus accommodation was included, the average weekly student rent rose to \$184.)

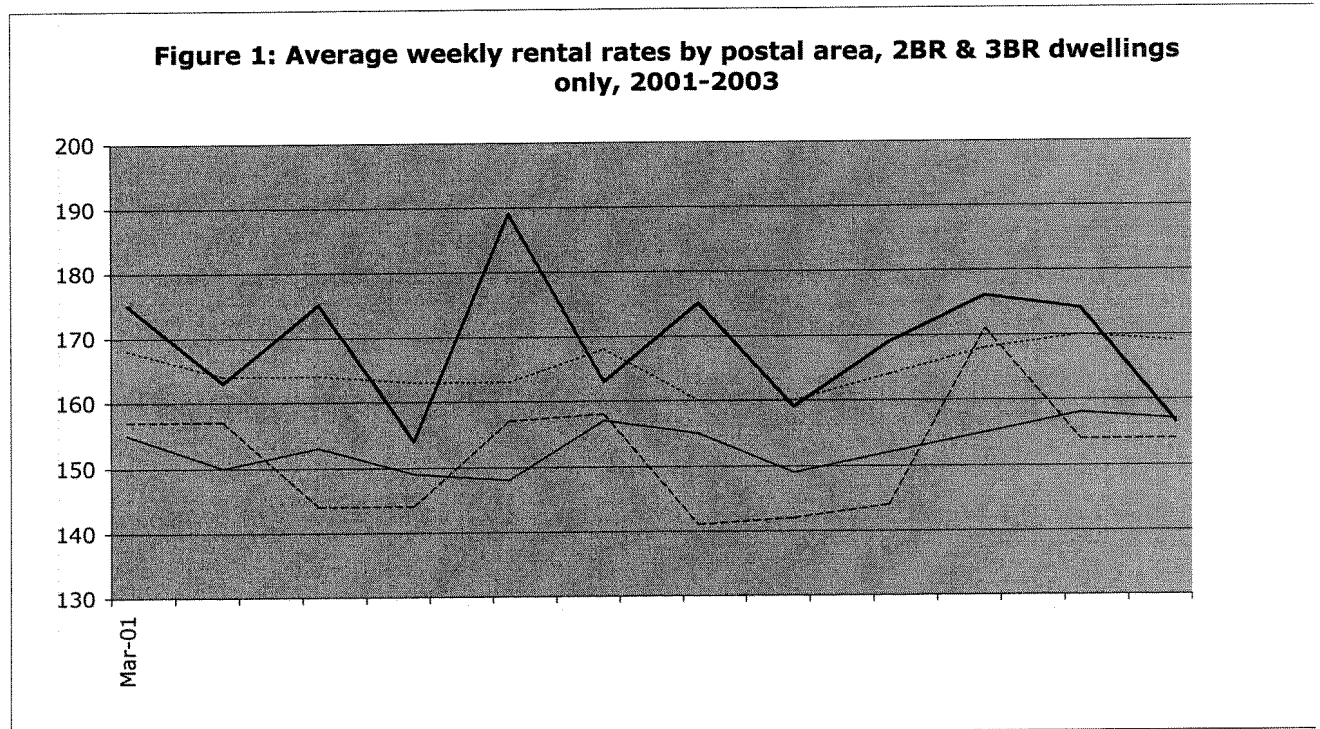
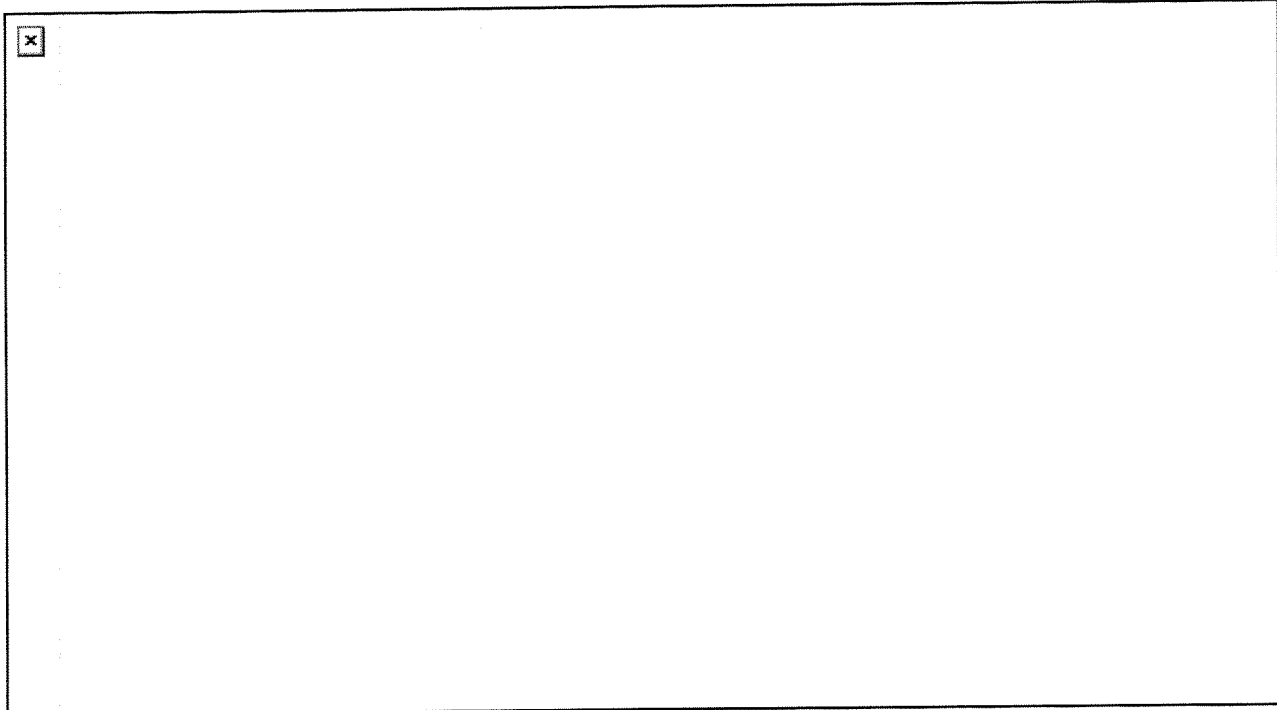


Figure 1 shows the average weekly rental rates, by postal area, using data relating to only 2 and 3 bedroom dwellings. Figure 2 shows the weighted average weekly rent paid by students in the identified postal areas, assuming they live in share accommodation with 2 and 3 bedrooms.

Rental costs in the four surrounding postal areas – not including on-campus accommodation – in December 2003 had risen \$7 per week over the previous two years. Even with the current glut in the rental market, there has still be an upward trend in rental costs in these areas, and accordingly paid by students.

⁸ The research analysed data from the NSW Housing Department Rent and Sales reports, 1999 to 2003. We looked at rent costs within a 2 kilometre radius, in postal areas that had continuously high University of Sydney student populations (identified by data collected by the Planning Office at the University). The postal areas identified were 2042, 2037, 2050 and 2008. It was assumed that the average student shared accommodation and lived in a room on their own.



Accommodation is the single largest cost that many students face, with University statistics indicating that many students move out of their parental home in order to study at the University of Sydney. Students are predominantly young people who work for lower than average wages, “both in terms of waged income and social security benefits.”^{xxxvii} Paying \$150 or \$159 a week on rent would place them at risk of housing stress⁹ and after housing poverty¹⁰. It is then that students become particularly vulnerable to homelessness, “for which the shortage of affordable housing is a key factor.”^{xxxviii}

Using survey data:

$$\begin{aligned} \text{Total weekly costs, including housing costs} &= \$150 + (\$208.68 \text{ to } \$264.68) \\ &= \$358.68 \text{ to } \$414.68 \end{aligned}$$

However, if students living in rental accommodation (not including hostels or colleges) are isolated and data analysis is only done on this group, total weekly costs are estimated at between \$443 and \$551. This may suggest that students living in rental housing face significantly higher costs on a weekly basis than the 609 students who live in the parental home who may have brought the average costs down.

Therefore, on the basis of the data collected by the SRC, we estimate that weekly costs for students living outside the parental home are between \$358.68 to \$414.68, but that this is likely to be the minimum level of costs.

⁹ Housing stress is where more than 25% of income is spent on housing and is particularly high among lower income households.

¹⁰ After housing poverty is when people cannot afford to pay for other necessities as a result of paying housing costs.

6.2 Increase the rate of payment

In 2001, an analysis by the Australian Council of Social Service (ACOSS) found that "single adult students fare the worst in terms of receiving social security payments that are a long way below the poverty line."^{xxxix}

The Welfare Rights Centre conducted interviews in Sydney in 2002 with Youth Allowance recipients. All young people interviewed reported problems surviving on Youth Allowance payments. The Welfare Rights Centre concluded that inadequate social security payments had significant consequences for young people, including entrenched poverty and homelessness.^{xi} If a Youth Allowance recipient relying on the maximum payment with Rent Assistance (\$190.71 a week) pays \$150 in rent, they spend 83% of their income on housing.

Social security payments rates do not currently enable students to meet basic costs and hence do not alleviate financial vulnerability. Insufficient levels of payments, along with stringent restrictions on eligibility and risks of 'breaching', effectively keep people in poverty while they are studying.

In its submission, ACOSS has identified that young students from poor backgrounds living away from home and rely solely on the \$206 a week combined youth allowance and rent assistance payment, are 15% below the Henderson poverty line. Austudy students are much more vulnerable as a direct result of them not being able to receive rent assistance, and are 35% below the Henderson poverty line. These statistics have been relatively constant over the last three years.

The SRC recognises the debate that has surrounded the use of the Henderson line, and therefore also refers to a budget standard.¹¹ According to the Social Policy Research Centre (SPRC), a low cost budget standard as of September 2003 was \$353.90 per week for females and \$360.10 for males.^{xii} These budgets are almost double the maximum payment of Youth Allowance with rent Assistance and well over double the maximum Austudy payment.

Income support is meant to be a 'living' allowance - more than a top up 'education' payment - to encourage people to study. The single payment should be raised to a level that takes proper account of actual living expenses. In practice and in principle, the SRC sees no difference between the basic needs of students and others receiving income support. There are no lower costs for students. Reducing disincentives to study, and therefore access barriers, will increase equality in society.

The SRC notes that there is a gap between Youth Allowance and pension rates, which has been growing with time. The SRC believes that this is inequitable and is not in the spirit of lifelong learning. The SRC recommends that student payments, ideally a single payment that replaces Youth Allowance, Austudy and NewStart, be raised to meet the level of the Disability Support Pension.

¹¹ A budget standard estimates what is needed by a particular type of 'family' in order to meet a particular standard of living at a particular point in time. Needs are identified, the basket of goods and services needed to meet these needs are priced and expenditures calculated in order to determine a budget.

The SRC also notes that income support is undermined when payments are taxed and when scholarships are treated as income. The SRC therefore recommends that income support not be subject to taxation and that **Centrelink treat no scholarship as income.**

6.3 Incidentals Allowance

The SRC runs an interest free loan scheme for students in need with loans of up to \$750. Anecdotal evidence from that scheme is that course costs (see section 6.1), particularly at the start of the year, are at least one reason given by 50% of applicants. An 'incidentals allowance' would help students meet the costs of text books, equipment and other course related expenses.

An 'Incidentals allowance' was available under the Tertiary Education Assistance Scheme, which operated between 1974 and 1986. During that period a one off annual payment of \$100 was provided to university students with a lesser amount for other tertiary students.^{xlii} If this were increased in line with a CPI estimate of 3% per annum, this would be \$175 in 2005.

The SRC suggests that this is increased to \$200, which would partially cover increases to the costs of education, such as textbooks, which now incur GST, along with other ancillary fees. Our survey results suggest that students spend between \$12 and \$27 weekly on cost related costs. (see section 6.1)

Fares Allowance is a similar one-off payment still operating, helping students living away from their permanent home meet transport costs. One university-home return journey may also be covered for some students. It differs from our proposed Incidentals Allowance in that it is a claim for variable amounts based on expenditure on the cheapest practical mode of transport.

6.4 Parental income threshold

Many families struggle financially when their children enter higher education. It simply is not the case that families with a joint parental income of \$28,150 and over can support students as dependents without financial hardship. The report found that low-income families spent almost 40% of their gross income supporting children aged 15-24 whereas high-income families spent about 20%. Schneider found that the ability of families to support dependant young people was reduced if parental incomes are low and that the young person's standard of living is likely to suffer.^{xliii}

As discussed by Scheider, "It is possible that policies that assume dependent family members will be supported by other family members cause great hardship to those dependants who are not supported, or are supported only to a limited extent."^{xliv} This can have disastrous effects for young people and the wider society, including poverty and associated phenomena.

Edwards, back in 1983, discussed how many of the rules and assertions about families underpinning the social security and tax systems can engrain financial dependency within families.^{xlv} According to Schneider, 18 to 20 year olds have experienced the greatest change in levels of dependency, from 38% in 1982 to 62% in 1995-95, and this is particularly so for students.^{xlvi} Since 1999, when Schneider wrote this paper, income support has become more insufficient and hence dependency more enforced.

If parental means testing is to be maintained then it should be set at a level where those in need are really supported. A 1991 review by the House of Representatives Committee stated the parental income test threshold was too low. The increase since 1991 has only been a result of indexation. As Vincent Callaghan states in his paper in 2003, "There has been no attempt by any government to review and analyse the threshold against actual family incomes and expenditures."^{xlvi} This is long overdue and is urgent if the parental income test is to remain in any form. In the absence of a government review, the SRC recommends increases to the threshold and threshold increases.

The cost of dependent children is much higher than the government currently estimates. The National Centre for Social and Economic Modelling (NATSEM) has found that not only were young people less likely to leave the parental home, but also that the older they got the more it cost their families to keep them. In 2002 it cost parents \$318 each week to keep 15 to 17 year old children living in the parental home, and \$322 a week to support a student aged 18 to 24 years.^{xlvii} That is \$16,536 per annum for 15 to 17 year olds and \$16,744 for students aged 18 to 24.

The SRC believes that it is appropriate for the initial threshold to be equal to the HECS repayment threshold, which has been calculated on the basis of average male graduate earnings. The current amount of this threshold is \$36,185.

The tertiary student increase is currently about 27% of the current threshold. The SRC believes that the tertiary student threshold increase should be 30% of the new threshold limit, tied to the HECS repayment threshold – currently, \$36,185. This would mean that tertiary students living away from home would raise the threshold by \$10,855.50.

Accordingly, dependent children aged between 16 and 21 in full-time study or looking for work (age of independence to be lowered to 21 across the board), or who receive a boarding allowance or second home allowance under the Assistance for Isolated Children Scheme, would raise the threshold by \$5,427 – 50% of the increase of tertiary students living away from home.

The SRC does not accept that the costs of the first dependent child are not as high as the second. The SRC therefore recommends that the threshold be raised by equal amounts for each dependent child under 16 years of age. Currently, additional dependent children under the age of 16 raise the threshold by 10%. If this is retained and the parental income threshold is increased to \$36,185, then additional dependents under 16 would raise the threshold by \$3,618.50. This is less than 25% of the costs of the child.

The suggested amounts are conservative and in line with current threshold increase ratios. Tertiary students living away from home would lift the threshold to an amount that is approximately 65% of the 2002 cost for a family to support a student aged 18 to 24 years. It is fair to presume that if we only looked at students living away from home, the cost of financially supporting them would be much greater. The SRC see these increases as the minimum that must occur until a thorough analysis of family

incomes and expenditures takes place to ensure that students receive adequate income support.

Summary of proposed thresholds:

First dependent child under 16:	\$3,618.50
Each additional dependent child under 16:	\$3,618.50
Dependent children aged between 16 and 24 in fulltime study, or aged between 16-20 and seeking employment, or who receives a boarding allowance or second home allowance under the Assistance for Isolated Children Scheme:	\$5,427.00
Tertiary student living away from home, where there are 2 such children in the family:	\$10,855.50

6.5 Personal income test

Consistent with the earlier recommendation of treating all income support recipients equally and making one payment that covers all students and unemployed persons, the SRC believes that it is appropriate for the student income bank to be extended to all recipients.

The personal income test has not increased from \$6,000 since 1993. This is despite the House of Representatives Enquiry in 1991 that recommended that it be raised to \$8,000, with earnings over this threshold meaning that students lose only 25 cents in the dollar – not the current 50 cents and then 70 cents.

The SRC recommends that the personal income threshold be raised so that students can earn \$316 per fortnight before their payments are affected, and that then payments are only reduced by \$1 in every \$4.



7. Students and income support: Conclusions

Current student income support payment levels and highly restrictive and oppressive regulations undermine effective participation in society and do not reduce financial vulnerability of students.

Insufficient and inequitable student income support is part of a larger government agenda that is breaking the government's responsibility under the International Covenant on Economic, Social and Cultural Rights¹² by making higher education economically inaccessible to many. Indigenous peoples, refugees, people for whom English is not a first language, young people in low socio-economic households and rural and remote communities experience greater barriers than others to participation in higher education. The current level of student income support serves to exacerbate these inequities, and specifically privileges conservative and outdated notions of the family and racially biased agendas.

The SRC believes that all gaps, disparities and inequalities in the welfare support system must be eliminated in the interests of equity, effective participation in society and to make a real commitment to lifelong learning. Ultimately, we believe that young people should be recognised as independent at the age of 18 years, that NewStart, Youth Allowance and Austudy be replaced by one payment which meets the payment rate of the pension, that all students have access to rent assistance and that the payment is properly indexed.

¹² The International Covenant on Economic, Social and Cultural Rights (ICESCR) states in No.1, paragraph 6, of the General Comment that for education to be accessible it must be non-discriminatory, physically and economically accessible. In relation to higher education that Covenant is clear that "State parties are required to progressively introduce free secondary and higher education."

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