

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

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NTEU SUBMISSION TO THE SENATE EMPLOYMENT, WORKPLACE RELATIONS AND EDUCATION COMMITTEE'S INQUIRY INTO STUDENT INCOME SUPPORT



Introduction

The National Tertiary Education Union (NTEU) represents approximately 28,000 staff employed in Australian higher education institutions across Australia. The Union welcomes the chance to contribute to the Senate Employment, Workplace Relations and Education Committee's Inquiry into Student Income Support.

The NTEU believes that the Government has a responsibility to ensure equitable access to university education based on merit and not ability to pay. There can be no doubt that the rising cost of university education, both in terms of increased fees and rising ancillary and living costs, is a growing burden on students and their families, particularly to those students who have traditionally been excluded from entry.

One of the most important aspects of this commitment is the existence of a comprehensive student income support scheme.

The failure to establish such a system is a major weakness of the *Backing Australia's Future* package, especially given that it presides over major increases in fees and charges. While the Union is on record as supporting the Commonwealth Scholarships Program and its exemption from income testing, we have also stressed that on its own, it will do little to reverse the current structural failings presently in the system. The relatively small amount of funding attached to these scholarships will do little to defray the broader costs of undertaking a higher education degree. There is also a significant anomaly created by the fact that the Student Learning Entitlement was amended to last for seven years, but the scholarships only last for up to four years.

The Union's submission, made in association with the NTEU Indigenous Tertiary Education Policy Committee (ITEPC), will focus on the issues as they relate to Indigenous students in our universities, who face particularly serious difficulties in accessing university education.

In terms of the broader issues covered by this Inquiry, the NTEU supports the recommendations made by the National Union of Students (NUS) and the Council of Australian Postgraduate Associations (CAPA).

The NTEU would also urge the Committee to support the proposal put forward by the Australian Vice Chancellors' Committee, that the Government extend the scholarship program introduced under *Backing Australia's Future*, so that it can effectively cover all students from economically and culturally disadvantaged backgrounds, including those who have missed out on benefits but are clearly in financial need.¹ The AVCC's submission estimates that this would require at least a doubling in the number of scholarships and their extension to cover the full seven-year period of the Student Learning Entitlement. The NTEU would add that consideration also be given to increasing the monetary value of the scholarships so that they provide meaningful assistance to students.

¹ Australian Vice-Chancellor's Committee, 2004 *Fundamental change: the way forward for student income support*, submission 114

The Indigenous context for this Inquiry

Indigenous Australian students continue to be seriously under-represented in our public university system. In 2003, Indigenous undergraduate students made up 1.26% of the total domestic undergraduate student population. This is just over half the corresponding reference value of 2.2%, the proportion of the total Indigenous peoples in Australia's population, and well under the DEST nominated benchmark of 2.5%.² The figures are even worse at the postgraduate level with Indigenous postgraduate students making up just 0.63% of the overall postgraduate population³.

A wide range of factors work against increasing Indigenous peoples' participation in higher education, including racism in universities, inappropriate curriculum, a lack of Indigenous staff and support structures for students, and high levels of poverty. These are compounded by the absence of income support structures for Indigenous students that not only provide for a decent level of financial support, but do so in a way which is sensitive to the realities of Indigenous family and community life.

The *Backing Australia's Future* package has done little to promote Indigenous participation and access to higher education. If anything, the increased fees for students are likely to further deter Indigenous participation. In addition to the provision of adequate student income support, the NTEU also reiterates its recommendation to the 2003 Senate Inquiry into Higher Education Funding and Regulatory Legislation that Indigenous education be made a National Priority that is exempt from all fee increases⁴. In addition, as part of the Crossroads review, the NTEU recommended and was involved in the formation of the Indigenous Higher Education Advisory Council. The Council is yet to become functional and the NTEU believes that its operation is imperative in addressing Indigenous disadvantage.

While it has not provided the complete solution, the Union strongly believes that since it was first established 29 years ago, ABSTUDY has played a crucial role in giving Indigenous students access to higher education. There is a broad consensus among many Indigenous and higher education groups, reinforced in many of the submissions to this Senate Inquiry, that changes to ABSTUDY in 1997/1998 Federal Budget and in 2000, have seriously damaged the operation of the scheme.

The 1997/98 Federal Budget resulted in significant funding cuts to ABSTUDY leading to declines in the levels of income received by many Indigenous students, as well as transferring the service delivery aspects of the scheme to Centrelink.

Additional changes that took effect from January 1st 2000, further aligned ABSTUDY with the operations, income support systems and means tests of AUSTUDY, the Commonwealth Youth Allowance and the Newstart Allowance, as well as further lowering the level of income received by the majority of students.

These changes entailed restructuring and cutting back the very components of the scheme that were designed to make the student financial assistance program

² DEST, August 2002, *Achieving Equitable and Appropriate Outcomes: Indigenous Australians in Higher Education*, p 3

³ National Indigenous Postgraduate Association Aboriginal Corporation (NIPAAC) Submission to the Senate Employment, Workplace Relations and Education Committee *Inquiry into Student Income Support*, June 2004, Submission 98, p6.

⁴ NTEU Submission to the Senate Employment, Workplace Relations and Education Committee *Inquiry into Higher Education Funding and Regulatory Legislation*, September 2003

culturally and economically relevant to Indigenous students, particularly changes to the Away From Base Component of the scheme, including:

- The introduction of a restrictive abatement rate for ABSTUDY recipients earning extra income, bringing it into line with AUSTUDY.
- Changes to the Away From Base component, which mainly affected undergraduate students, and which involved a reduction in the number of funded trips per year and a tightening up of the provision of benefits and living expenses.
- Changes to the Away From Base scheme available to postgraduate students so that courses that were comprised wholly or mainly of Away From Base components were no longer approved for ABSTUDY purposes.⁵
- The introduction of a means and income test for all ABSTUDY payments that is closely aligned to the income tests for Youth Allowance. This included a parental income test for all ABSTUDY recipients under 25 years of age, regardless of whether or not they live away from home, unless they are able to prove their independence. If students are unable to prove their independence it is assumed that they are dependent on their immediate family regardless of whether or not their family provides financial support.

Additional changes to the ABSTUDY scheme that the NTEU believes have had a detrimental impact on Indigenous students are:

- The closure in 2003 of the Student Financial Assistance Scheme.
- Changes to service delivery aspects of the scheme, most recently the plans to reduce the number of administration centres responsible for assessing ABSTUDY claims from 14 to 4.

As a result of all of these changes the NTEU ITEPC believes the classifications and procedures now used for ABSTUDY do not reflect the realities of Indigenous family and community life styles and cultures.

The ITEPC further believes that there is clear and direct causal relationship between these changes, and reduced participation in higher education by Indigenous people, reinforced by the increasing cost of a degree, which according to the latest NTEU analysis has doubled since 1996⁶. In addition, there has been rises in a range of ancillary costs facing undergraduate and postgraduate students.

The NTEU hopes that this Inquiry, in addition to the *Review of the Impact of Changes to ABSTUDY Policy Implemented in 2000* currently underway within DEST, will form part of a meaningful examination of the reasons for the severe decline in Indigenous participation in higher education and how this can be reversed.

Our recommendations to this Inquiry are as follows:

⁵ National Indigenous Postgraduate Association Aboriginal Corporation (NIPAAC) Submission to the Senate Employment, Workplace Relations and Education Committee *Inquiry into Student Income Support*, June 2004, Submission 98, p 27

⁶ NTEU, *Students Pay Even More, Universities Get Even Less*, July 2004

NTEU Recommendations

- 1. That as a matter of urgency the Federal Government operationalise the Indigenous Higher Education Advisory Council so that it can provide leadership and advice on all Indigenous higher education issues, including consideration of the outcomes of this inquiry.**
- 2. That Indigenous education be made a National Priority area so that Indigenous students are exempt from the fee increases allowed under *Backing Australia's Future*.**
- 3. That the base rate of ABSTUDY be raised to and kept in line with the relevant Henderson Poverty Line and that rent assistance be made additional to this.**
- 4. That the ABSTUDY Incidentals Allowance for Masters and Doctorate students be increased to reflect the real costs of pursuing those courses and that the procedures for paying be changed so that these are paid up-front rather than as a reimbursement.**
- 5. That Rent Assistance be made available to ABSTUDY Masters and Doctorate students.**
- 6. That all ABSTUDY recipients be eligible for Crisis Payments from Centrelink.**
- 7. That the means testing requirements of ABSTUDY be reformed to make them more understanding towards cultural and economic factors associated with Indigenous family income and households.**
- 8. That the age of independence for ABSTUDY be reduced to 18 years of age.**
- 9. That ABSTUDY recipients are not fined for failure to notify Centrelink of their parents' financial status and that all current debts accumulated in such a way be voided.**
- 10. That the Student Financial Supplement Scheme be replaced with an income contingent loans scheme and that DEST undertake research on the appropriate income repayment threshold of any such scheme, taking into consideration the low socio economic status of the Indigenous population.**
- 11. That in recognition of the high levels of Indigenous poverty, existing debt accrued under the Student Financial Supplement Scheme be cancelled.**
- 12. That the Federal Government's changes to the Away From Base scheme in 1997 and 2000 be reversed.**
- 13. That in relation to the service delivery aspects of ABSTUDY, the Commonwealth Government undertake the following:**
 - 13.1 That there be an increase in the number of Indigenous staff to deal specifically with ABSTUDY matters.**
 - 13.2 That Centrelink office staff around Australia receive specialised training in ABSTUDY matters so that they are able to answer inquiries about ABSTUDY and manage the cases of recipients.**
 - 13.3 That Centrelink offices be established on university campuses to improve Indigenous students' awareness of income support entitlements.**

- 13.4 That all higher education enabling courses, be approved for the provision of tertiary rates of ABSTUDY benefits and allowances**
- 14. That the Commonwealth delay any planned changes to the administration of ABSTUDY until the outcomes of the DEST Review of the Impact of Changes to ABSTUDY Policy implemented in 2000 and that this be considered by the Indigenous Higher Education Advisory Council.**

Current measures for student income support, including Youth Allowance, AUSTUDY and ABSTUDY, with particular reference to:

The adequacy of these payments;

The NTEU agrees with the information presented in a number of the submissions made to this Inquiry, particularly those by NUS and the National Indigenous Postgraduate Association Aboriginal Corporation (NIPAAC), that income support payments for Indigenous participants in higher education are at such low levels and have such strict eligibility conditions attached to them, that they effectively leave students in poverty while they are studying.

Even the most generous weekly ABSTUDY benefits available for a single student, 21 years of age and living away from home is below the relevant Henderson poverty line for a single person in work. The rate of ABSTUDY for students with dependent children also remains below the Henderson Poverty Line figure for single parents who are in the workforce and have one child.

In addition to the low rates of payment, the NTEU has on numerous occasions criticised the new income testing measures applied to ABSTUDY in 2000. These changes resulted in all payments becoming subject to income and means tests, nearly all of which were aligned with the income tests for Youth Allowance

A number of studies, in particular research conducted by the Aboriginal and Torres Strait Islander Commission and the Australian Indigenous Higher Education Association Committee in their submission to the Senate's Inquiry into *The Capacity of Public Universities to Meet Australia's Higher Education Needs*, have highlighted the fact that it has been mature age Indigenous students in vocational and higher education who have been most seriously impacted by these changes. Particularly hard hit by decreases in financial assistance as a result of the changes have been:

- Those 21 years and older, independent, single or with a partner, with or without children.
- Those in receipt of a Sole Parent Pension, a Disability Support pension or studying as part time students.

The Committee's submission argued that the realignment of means testing of ABSTUDY to bring it into line with AUSTUDY had resulted in a significant proportion of previously eligible Indigenous mature age students becoming ineligible due to means testing conditions. This has had a serious impact on Indigenous enrolment given that the majority of Indigenous people who continue on in higher education are mature aged, not youth.

The Age of Independence

There have also been serious impacts from changes that came into effect in 1998 that saw the age at which many students were granted independent status shifted from 21 years to 25 years. Eligibility for student income support is now assessed on parental income for all students under the age of 25, unless they meet the strict criteria for independence set out under Commonwealth Youth Allowance definitions. While there are some additional exceptions which acknowledge cultural factors for Indigenous students, the criteria is generally prohibitive, limited and often difficult to prove.

This definition of independence has serious implications for Indigenous participation rates as it assumes that families are both willing and able to provide financial assistance to their children whilst studying, whether or not they live at home. Given the diversity of Indigenous family structures, as well their generally low socio economic status, parental income is not an accurate measure of parents' ability or willingness to support students through higher education. For example, 2001 Census data provides the following information on the make-up of Indigenous households:

- Households with Indigenous persons were more likely than Other households to be family households (82% compared with 70%) and less likely to be lone person households (13% compared with 24%).
- Households with Indigenous person(s) tended to be larger than Other households (an average of 3.5 persons per household, compared with 2.6, respectively). The major factor contributing to this difference was the higher number of dependent children in households with Indigenous person(s).
- The largest households were those with two or more families (multi-family households). Multi-family households with Indigenous person(s) had an average of 7.7 persons, compared with 5.4 persons in Other such households.
- Among households with Indigenous person(s), the average number of residents ranged from 3.2 in major cities to 5.3 in very remote areas.⁷

Given these demographics, it is clearly both unrealistic and inappropriate to use the same measures of income need and dependence for Indigenous and non-Indigenous students and their families.

The age of independence is also particularly significant for Indigenous students and families because the Indigenous population has a much lower life expectancy than other Australians and therefore a considerably younger age structure than the general population, with 57.6% of the Indigenous population under 25 years of age, compared to only 34% of the non-Indigenous population⁸. This has a bearing on a number of different social indicators where age is an associated factor, such as marriage and birth rates, as well as associated financial responsibilities. The average age of an Indigenous mother having a baby in the period 1998-2000 was 24.7 years compared to 29.2 years for non-Indigenous women. Of Indigenous mothers who gave birth, 79% were aged less than 30 compared with 52% of non-Indigenous mothers⁹.

This trend of the younger age at which Indigenous people assume social and financial independence is also evidenced in the fact that the percentage of Commonwealth Indigenous Youth living away from home is greater than that for non-Indigenous youth. Unfortunately, the Australian Bureau of Statistics (ABS) does not publish comparable data that estimates the number of Indigenous young adults living at home with their parents, however data derived from the 2001 Census of Population and Housing shows the number of children living in parental households with dependent students accounts

⁷ ABS, 2001, Population Characteristics, Aboriginal and Torres Strait Islander Australians

⁸ ABS, 2001 Census of Population and Housing, Table I03

⁹ ABS, 2003, The Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples, Cat No. 4704.0

for 42.6% of 0-24 year old Indigenous Australians compared to 65.3% of non-Indigenous 0-24 year olds¹⁰.

While Indigenous students can qualify for an away from home rate even if they are not deemed independent, again the criteria is limited and not always easy to prove. In addition, the 'away from home' dependent rate still assumes that families are providing financial support, and is therefore grossly inadequate. The reality is that many Indigenous students, classified as dependent for ABSTUDY purposes, are living away from home and supporting themselves with reduced and clearly inadequate financial support. This has serious implications for both participation and retention rates as students are forced to choose between work and study. This issue will be discussed further later in this submission in relation to students being forced to work longer hours to support themselves.

A further problem with the age of independence in regard to ABSTUDY payments is that it is the student's responsibility to inform Centrelink of changes to their parents' income. Failure to do so results in accumulated debt. It is unreasonable and often untenable for students to be aware of their parents' financial status, particularly for those students who are by all other accounts independent. NTEU considers it unfair that students should be subject to even greater debt accumulation and strongly recommends that this criteria be removed and fines accumulated in such away be cancelled.

Parental Income test threshold

Besides being an inappropriate measure of a families' willingness to support their children through higher education, NTEU considers the parental income test threshold to be an inappropriate measure of ability to provide support, even without considering other financial commitments. A combined parental taxable income of over \$28 150 affects ABSTUDY recipients' living allowance, with only minor increments allowed for each additional dependent child. Given that average weekly earnings are \$49 300 per annum for ordinary time adult earnings¹¹, NTEU considers this threshold to be far too low and an unrealistic measure of the costs of living and supporting and raising children.

In addition, changes to ABSTUDY that came into effect in 2000 have also meant that Independent students that are married or have a (heterosexual) defacto partner, are also subject to partner income and asset tests. A partners' income only needs to exceed \$713.86 a fortnight before ABSTUDY payments are affected. Again, this is far too low a threshold and an inadequate measure of a partner's ability, or willingness to provide support. While adjustments for dependent children are largely taken into consideration, a further anomaly exists in that independent students who have a partner and are 21 years of age and over are paid the same rate whether or not they have dependent children.

The NTEU would strongly argue that the means testing now applied to ABSTUDY is in need of substantial change and should be realigned to make it inclusive of and considerate towards cultural and economic factors associated with Indigenous family income and households.

The NTEU would briefly like to touch on two other issues of concern. Under ABSTUDY, Indigenous Masters and Doctorate students are entitled to an additional Incidentals Allowance of \$2080 per year. As stated in NIPAAAC's submission to this Inquiry, this is

¹⁰ ABS, 2001 Census of Population and Housing, Table I12

¹¹ ABS, February 2004, Average Weekly Earnings, Cat No 6302

too low to cover essential costs. A further issue is that incidental costs are not paid upfront by ABSTUDY but are reimbursed, this is a problem for Indigenous students many of whom find it difficult to find the money to cover many costs in the first place.

Further, ABSTUDY recipients are not eligible for the crisis payments from Centrelink available to all other income support recipients in need of emergency short-term financial aid due to extreme circumstances.

Changes to Away From Base

Related to the adequacy of the payments, the NTEU would raise the impact of changes made by the Commonwealth to the Away From Base component of ABSTUDY.

The Away From Base component of ABSTUDY has been widely recognised as being particularly important to the progress and success of students from Indigenous communities who want to study for cultural, community or family reasons and prefer to do so close to their home and families. It is still the main pathway available to Indigenous students from rural, remote and isolated areas to access higher education and not be forced to leave their communities, family and country.

The 1997/98 Federal Budget saw changes to the distance reference value for the ABSTUDY Away From Base allowance so that payments were only made to those Indigenous students who study at an institution located more than 36 hours travel by land, away from their home base. The changes meant if your institution is within three days drive of your home you cannot receive away from base allowance.

This change resulted in a large number of ABSTUDY recipients being ruled ineligible to receive continued Away From Base funding. This bore most heavily on independent Indigenous students living in urban locations who have left remote or regional locations for the city to undertake an education or find a job where these opportunities did not exist at home.

The new income testing measures applied to ABSTUDY since the beginning of 1998 saw a definite decrease in the financial assistance given to a majority of ABSTUDY recipients. On the available figures, in 1998, a total of 7,789 ABSTUDY higher education recipients shrank to 5,845 in 2001 and has continued to steadily decline.¹²

In January 2000, the Commonwealth made further changes to the Away From Base scheme. NTEU members involved in the administration of ABSTUDY have identified a number of negative effects of the changes which are relevant to this Inquiry, including:

- The number of funded return trips was reduced from five to four in any year, meaning that in many courses the number of residential schools a student can attend has reduced correspondingly.
- Whereas students released from their workplace on leave without pay to attend study could apply for benefits for the whole of the calendar year, they must now apply for each resident with a supporting letter from their employer and, if less than 25 years of age, must supply their parent's details.

¹² Figures taken from DEST data as configured by the National Indigenous Postgraduate Association Aboriginal Corporation, 2003

- If applicants for benefits work in the industry in which they study, such as health, then they are not entitled to the living allowance for block release.
- Whereas previously students were able to enrol in a course in any state or territory and remain entitled to air travel, accommodation and meal allowances, eligibility for airfare allowance is now limited to circumstances where the student lives more than 36 hours by surface travel from the university, and the university must be in the state in which the student resides.
- Students approved for receipt of travel allowance and meals allowance are required to use accommodation provided by the university or pay their own travel expenses (for example, a mature age student with two children who decided to stay with his or her mother is not entitled to accommodation assistance, but is entitled to meals allowance).
- Students in receipt of a tertiary scholarship receive an adjusted ABSTUDY allowance, which is reduced by the amount of benefit provided for by the scholarship.

These changes have effectively reduced the level of support provided to Indigenous Australian students necessitating a re-think of those changes or an examination of alternative measures to provide the level of support necessary to improve outcomes.

While they are certainly not the only factors at work, the NTEU would argue that the inadequacy of the payments received by Indigenous students under ABSTUDY combined with the impact of changes to the scheme, are closely connected to a decrease in Indigenous higher education enrolments.

As DEST's own data shows, after gradually increasing over the first half of the nineties, there was a sharp fall in Indigenous enrolments of 8.2% between 1999 and 2000.¹³ This was followed by a major jump, 20.8%, in enrolments in 2002.

There has been considerable debate as to the cause behind and nature of this large jump in Indigenous enrolment. In 2002, DEST adopted new methodology regarding the counting of student load to take into account some enrolments, i.e., students enrolled in summer school period, not previously included. While some of this increase could be attributable to changes in the methodology, in the absence of more detailed information it is impossible to accurately analyse whether these figures are simply an anomaly or are indicative of a general trend.

It is worth noting however, that the same data reveals that Indigenous students as a percentage of total overall domestic students fell from 1.32% in 1999 to 1.22% in 2000 and that while there has been a slight growth, this has yet to recover to the level before the changes to ABSTUDY

Specific issues relating to ABSTUDY service delivery

The NTEU wishes to emphasise a number of specific issues relating to ABSTUDY service delivery which we feel relates to the overall adequacy of the scheme.

The 2001 *Senate Inquiry into The Capacity of Public Universities to Meet Australia's Higher Education Needs* noted that the following issues have created difficulties for students and prospective students.

¹³ Ibid

- Lengthy delays in processing applications for benefits consequential to reductions in numbers of expert staff arising from devolution of administration to institutions and changes to Centrelink.
- Lost correspondence resulting in further delays, with students being required to submit duplicates, in some case, up to four times.
- Reports of Centrelink staff deferring to the expertise of Aboriginal staff, resulting in issues not being addressed if Aboriginal staff are not present; and
- The location of call centres in the Northern Territory and Western Australia (for example) means that problems arising with applications from students in New South Wales require the student to submit a paper application, thus increasing turnaround time.

Other issues that have been raised in relation to ABSTUDY service delivery include:

- The grouping of ABSTUDY duties into the general duties of many Centrelink staff and their lack of training to operate in what is a highly complex and specialised area, hampers the provision of expert, culturally appropriate service delivery and has led to problems.
- There is an absence of accessible ABSTUDY service centres and/or ABSTUDY staff in Centrelink offices, making dealings highly inconvenient and difficult. Recipients cannot have many questions related to ABSTUDY answered by Centrelink staff in metropolitan and regional offices and these must be directed by phone either by the recipient or the Centrelink staff to a Central ABSTUDY office.
- Questions around the low level of training and high level of turnover of many staff mean that recipients experience delays in all aspects of the ABSTUDY dealings.
- Inconsistencies in the interpretation of ABSTUDY 2000 guidelines by Centrelink officers resulting in students with very similar circumstances being allocated widely different entitlements; and
- Reported cases of Indigenous students being shifted off ABSTUDY and into a mainstream student support scheme, with the subsequent loss of specialised advice and targeted Indigenous benefits.

These issues go to the heart of many of the criticisms around the service delivery aspects of the scheme and support the argument that ABSTUDY needs to be a specialised Indigenous support scheme with dedicated Centrelink officers appointed to administer and implement the scheme in a direct face-to-face manner with Indigenous clients.

The NTEU is also concerned about recently revealed plans by the Federal Government to shift the number of ABSTUDY centres responsible for back end processing of ABSTUDY claims from 14 to 4 nationally by October 1st 2004. One ABSTUDY centre will be established in the following cities; Darwin or Alice Springs, Cairns or Townsville, Perth and Parramatta. These centres will be responsible for assessing ABSTUDY claims against means testing and eligibility guidelines. Shop Front or face-to-face liaison with Indigenous students will continue with the Government claiming no jobs will be lost under

the restructure. In particular, NTEU is concerned that these plans pre-empt the DEST review and the operationalisation of the Indigenous Higher Education Advisory Council.

Another important procedural matter in relation to service delivery raised previously by the NTEU¹⁴, are inconsistencies in the interpretation of ABSTUDY policy relating to whether higher education enabling courses are in fact determined as secondary or post secondary courses. The impact of this policy determination on the benefits received by Indigenous students and the potential Equivalent Full Time Student Units (EFTSUs) that would be generated by determining enabling courses as tertiary courses, is a significant factor contributing to poor retention and completion rates for Indigenous students and the disproportionately low levels of Indigenous staff.

In short, this inconsistency has in many cases resulted in enabling courses which are delivered at universities being defined as secondary courses not tertiary courses. This affects the amount of ABSTUDY benefit received by those students undertaking the course, by denying them access to ABSTUDY allowances available to higher education level students, including Financial Supplement Loan, Away-from-Base assistance for Field Trips and/or Placements and Additional Incidental Allowances.

The determination that Indigenous university enabling courses are not regarded as higher education courses under ABSTUDY policy also impacts on the amount of EFTSUs the university may receive as a result of the number of students enrolled in its enabling courses.

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

The increasing costs of higher education

The NTEU has commented extensively on the detrimental impacts of the increasing costs of higher education. Australian students are paying on average, \$2,137 per year more toward the cost of a government subsidised university place in 2003 than they did in 1996¹⁵. With most institutions now having taken up the option under the new *Backing Australia's Future* package and increasing their HECS fees by the maximum allowable 25%, Australian students will effectively be making a larger contribution to the cost of their university education than students in most other countries¹⁶. These increasing costs significantly impede those from disadvantaged backgrounds accessing Australian universities.

While the HECS repayment threshold has been raised to \$35 000, the continually increasing cost of attending higher education, will result in a greater level of student debt. A briefing paper produced by CAPA in March 2003¹⁷ examines some of the consequences of increasing student debt, including declining home ownership, fertility rates and increasing emigration rates. For students from lower socio-economic backgrounds in particular, such factors can actually influence their decision to seek access to higher education in the first place. As research by DEST concludes, the perceived cost of higher education appears to be a major deterrent for students of lower

¹⁴ NTEU (2003), NTEU Submission to the DEST ABSTUDY Service Delivery Project, www.nteu.org.au/policy/submissions/sub2003/5514

¹⁵ NTEU (2004) Students Pay Even More, Universities Get Even Less, Research Report <http://www.nteu.org.au/policy/submissions/discpapers04>

¹⁶ Ibid

¹⁷ Pearse, Hilary, The Social and Economic Impact of Student Debt, March 2003, <http://www.capa.edu.au/frameset.html/briefing/index.html>

socioeconomic background. They are over 40% more likely than other students to believe the cost of university fees may stop them attending university¹⁸.

This is particularly relevant for Indigenous students, given their low socio economic status as well as their disadvantaged labour market position. The following statistics give an indication of the serious disadvantage faced by Indigenous Australians in the labour force:

- In the 2001 census, the unemployment rate for Indigenous persons aged 15-64 years was nearly three times as high as the rate for the non-Indigenous population (20% compared with 7.3%).
- Indigenous persons who had not completed Year 12 had an unemployment rate more than twice as high as non-Indigenous persons with the same level of education (24% compared to 10.6%). Indigenous persons with a bachelor degree or higher qualification had an unemployment rate of 5.9%, compared to 3.3% for the non-Indigenous population.
- In 2001, the mean (average) equivalised gross household income for Indigenous persons was \$364 per week, or 62% of the corresponding income for non-Indigenous persons (\$585 per week)¹⁹.

There is a clear link between unemployment, educational attainment and poverty. NTEU believes that the effects of social and economic disadvantage experienced by Indigenous Australians needs urgent intervention. These indicators of social and economic disadvantage represent both a deterrent to and a reason for improving the participation of Indigenous peoples in higher education.

Students being forced to work longer hours to support themselves

The failure to provide adequate levels of student income support has resulted in students being forced to work longer hours to support themselves. AVCC research provides substantial evidence that not only are more students in paid employment during the semester, those who are employed are working longer hours;

*in 1984 full-time undergraduate university students worked an average of five hours every week during semester. By 2000, full-time students worked an average of 14.4 hours a week, or about two days every week - and nearly three times the hours worked by students in 1984.*²⁰

The research also found that non-Indigenous students were more likely to be employed during semester than Indigenous students (76.2% compared to 65.3%) but that Indigenous students were more likely to miss class frequently or sometimes due to work commitments (45.5%) compared to non-Indigenous students (37.3%)²¹.

While the research suggested that hours of work was the major determinant for the likelihood for students to miss class, it also found that this likelihood increased for students from low socio economic background.

The increased number of hours that students need to work to support themselves while studying is indicative of the increased living and study costs that students currently face, as well as the inadequacy of student income support schemes. Given the disadvantage that the Indigenous population experiences in the labour market more generally, Indigenous students are often left in a double bind. Many of those who need to supplement their ABSTUDY payments through part time or casual work are often unable to gain such employment. These students are forced to depend

¹⁸ James, Richard, National Report into Higher Education, DEST 2003 p.187.

¹⁹ Australian Social Trends. *Work, Aboriginal and Torres Strait Islander peoples in the labour force*

²⁰ Michael Long and Martin Haydon, *Paying their Way*, 2001

²¹ Ibid, pp 99, 106

solely on ABSTUDY and for many, this acts as a disincentive for the continuation of their studies. On the other hand, those that are able to gain supplementary employment, report that their studies are adversely affected by their work commitments. For postgraduate students, the situation is even worse as ABSTUDY is not available to those studying part time. Postgraduate students are thus forced to combine full time study and family and commitments on an inadequate level of student support or balance study, work and family with no support at all.

This is further evidenced in the fact that retention rates for non-Indigenous students are far greater than for Indigenous students. In 2001, the progress rate for Indigenous students was 67.6% compared to 87.3% for non-Indigenous students²². In addition, in 2001, only 2.9% of the Indigenous population had a tertiary qualification, compared to 13.6% of non-Indigenous people. Given the links between higher education attainment, unemployment and income levels²³, it is essential that Indigenous students receive adequate financial support to continue their studies and to break the longer term poverty trap associated with education and labour market disadvantage.

The closure of the Student Financial Supplement Scheme

The Student Financial Support Supplement Scheme (SFSS), which began in 1993, involved an arrangement where by a student in receipt of an ABSTUDY payment could cash in their annual benefit with the bank on a one for two-dollar ratio on a personal loan basis. Administered through the Commonwealth Bank, payments did not have to commence for up to five years from the time of the loans were taken out. Voluntary payments during this period attract a 15% bonus. After five years, it was then was then collected through a HECS-style arrangement, the threshold for which in 2003 was \$34,494.

The NTEU recognised that it was a common strategy for Indigenous student, particular mature-aged Indigenous students, to access the scheme as a way of coping with shortfalls in ABSTUDY living allowance. As such it acted as temporary cushion against some of the financial pressures acting against the participation of Indigenous students in higher education.

While the NTEU was highly critical of the debt implications of the SFSS, its abolition by the Minister for Youth for Youth Affairs in April 2003 without any replacement scheme arguably leaves Indigenous students worse off.

Its closure also begs the questions that as faulty as it was, what will replace it and what options do Indigenous students now have to make up the shortfalls in income support arising from inadequate levels of ABSTUDY? Accumulating credit debt is one option, and taking out commercial loans another. A third is dropping out from their studies altogether.

There is also the question of what will happen to the existing levels of debt, and how Indigenous people are supposed to pay off the debt when they are among the most financially disadvantaged people in Australia? Upon its closure in January 2004, accumulated national Indigenous student debt was \$320 million dollars.²⁴ This debt was not written off when the scheme was abolished. NTEU strongly recommends that in the

²² DEST, *Achieving Equitable and Appropriate Outcomes Indigenous Australians in Higher Education*, August 2002

²³ See NTEU submission to the Inquiry into Poverty and Financial Hardship, 2003

²⁴ Information provided to DEST by Centrelink by the NTEU by Question on Notice No. 1382, Indigenous Student Debt, June 16 2003.

interests of restorative justice, as well as increased participation and retention rates, this existing debt is written off immediately.

In the absence of a more comprehensive solution, the NTEU finds much merit in the suggestion made by NUS to this Inquiry that the Commonwealth introduce an income contingent loans scheme for Indigenous students to supplement their income that would not involve students trading off part of their ABSTUDY grant. While it does not deal with the issue of the increase in long-term indebtedness, it would at least provide an interim measure to assist students to continue their studies. NTEU recommends that DEST should undertake research on the appropriate income repayment threshold of any such scheme, taking into consideration the lower socio economic status of the Indigenous population.