

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

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Submitter: Mr David Imber
Policy and Liaison Worker

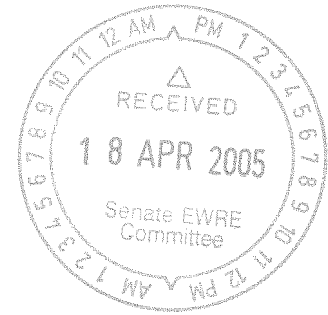
Organisation: Tenants Union of Victoria

Address: 55 Johnston Street
FITZROY VIC 3065

Phone: 03 9411 1413

Fax: 03 9416 0513

Email: dimber@tuv.org.au



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April 2005

Submitter: **David Imber, Policy & Liaison Worker**
Organisation: Tenants Union of Victoria

Address: 55 Johnston Street
Fitzroy VIC 3065

Phone: (03) 9411 1413
Fax: (03) 9416 0513
Email: dimber@tuv.org.au

Tenants Union of Victoria Ltd
ACN 081 348 227
55 Johnston Street
Fitzroy 3065
Admin 9411 1444
Fax 9416 0513



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EXECUTIVE SUMMARY

Students in receipt of government income support are living in poverty, and the costs of housing significantly contribute to their poverty;

It is unjust to exclude Austudy recipients from eligibility for Rent Assistance;

Rising rents in capital cities and major regional cities, where many educational institutions are based, indicate that housing related poverty is likely to be exacerbated in the future.

RECOMMENDATIONS:

To more effectively assist students in financial need complete their studies, the Tenants Union of Victoria recommends:

- 1. That the adequacy and level of Rent Assistance be reviewed and appropriate changes made**
- 2. Eligibility for Rent Assistance be extended to recipients of Austudy**
- 3. Ensure that Rent Assistance payments are sufficient to cater for students who, because of their course of study, are required to move to and live in areas where rents are expensive**
- 4. Governments investigate alternative means of funding housing for students, as a matter of investment in social capital. If Australians are encouraged to participate in education as a matter of government policy, concomitant financial and other support should be provided.**

INTRODUCTION

The Tenants Union of Victoria was established in 1975 as a specialist state-wide advocacy organisation and community legal centre providing free information and advice to residential tenants, rooming house and caravan park residents across the state. We assist about 30,000 private and public renters in Victoria every year. These services are provided through a phone advice service and a series of drop in locations throughout metropolitan Melbourne. The Tenants Union also promotes community awareness of tenancy law and issues, lobbies for tenancy law reform and provides accredited training on a state-wide basis for tenancy and housing workers.

The Tenants Union is committed to improving the status, rights and conditions of tenants; to representing and advocating for the collective interests of tenants in law and policy making; and to promoting alternatives to the present forms of rental housing and financial support to low income households.

The Tenants Union of Victoria welcomes the opportunity to make a submission to this Inquiry into student income support. We thank the Senate Employment, Workplace Relations and Education References Committee for their interest in this important matter, and hope that our submission assists in the development of a more equitable and beneficial income support system for students.

The Tenants Union recognises a fundamental relationship between the availability of affordable and appropriate housing and participation in education. We contend that assisting low income students to complete their education through the provision of government income support for secure and affordable housing should be viewed as a long-term investment in human capital. While many students are fortunate enough to remain living with their families for the duration of their education, this is not an option for all - especially those who are forced to move away from home to access educational or opportunities, or for those experiencing family breakdown and homelessness.

STUDENTS AND RENT ASSISTANCE:

MANY STUDENTS ARE LIVING IN POVERTY

Home ownership rates for students are not high. Approximately 88,402 students receive Commonwealth Rent Assistance¹ - a non-taxable income supplement intended to offset the additional costs of rental in the private housing market. ² The definition of private rental is broad, encompassing boarding schools, university colleges and halls of residence. Payment is subject to a parental and individual means test. No Rent Assistance is provided if fortnightly rent is less than \$87.00; the maximum amount remitted per fortnight is \$98.00 (single person, no dependants). Provision of this type of financial support explicitly recognises that private rental represents a considerable cost to people on low incomes. Recipients of Youth Allowance and Abstudy are eligible for Rent Assistance; however, the 35,026 recipients of Austudy across Australia are specifically excluded from eligibility for Rent Assistance.³

By any definition, students in receipt of government financial support are surviving on low incomes. Statistics collated by the Department of Family and Community Services (for the financial year 2003-2004), comparing the maximum amount of Austudy and Youth Allowance payable with the minimum federal award wage, clearly demonstrate show that students in receipt of government income live in poverty:

Table 1: Austudy Payment - Maximum weekly payments to recipients as a percentage of minimum federal award wage, 2003-04

Family Status	Min. award wage per week (\$)	Austudy rate per week (\$)	Percentage (%)
Single, no children	\$467.40	\$159.25	34.1%
Single, with children	\$467.40	\$208.70	44.7%
Partnered, no children	\$467.40	\$159.25	34.1%
Partnered, with children	\$467.40	\$174.90	37.4%

Source: Department of Family and Community Services, Annual Report 2003-2004, http://www.facs.gov.au/annualreport/2004/volume02/part01/outcome02/output_group02.1.htm

¹ Department of Family and Community Services, *Annual Report 2003-2004*, http://www.facs.gov.au/annualreport/2004/volume02/part01/outcome02/output_group02.1.htm

² *ibid*

³ *ibid*

Table 2: Youth Allowance—maximum weekly payment to recipients as a percentage of Male Total Average Weekly Earnings (MTAWE), 2003–04

Family Status	Youth Allowance rate per week (\$)	Percentage of MTAWE
Single, under 18, at home	\$87.15	9.7%
Single, under 18, away from home	\$159.25	17.8%
Single, over 18, at home	\$104.85	11.7%
Single, over 18, away from home	\$159.25	17.8%
Single, with children	\$208.70	23.3%
Partnered, no children	\$159.25	17.8%
Partnered, with children	\$174.90	19.6%

Source: Department of Family and Community Services, *Annual Report 2003-2004*, http://www.facs.gov.au/annualreport/2004/volume02/part01/outcome02/output_group02.1.htm

A comparison with the Henderson Poverty Line calculations for the September Quarter 2004 demonstrates clearly that students reliant on government financial support are living in poverty. The poverty line for a single person for the September 2004 quarter was \$257.53.⁴ Currently (until June 30 2005), a single person on Austudy receives \$163.25 per week. Youth Allowance, for a recipient over 18 (living away from home) plus the maximum amount of Rent Assistance, amounts to \$208.25 per week.

Rent in the private housing market places an onerous financial burden on students, as course and study commitments restrict the amount and type of work they can undertake to supplement their finances. The current Rent Assistance system, while providing some benefits, is clearly inadequate in both its level and reach. The Tenants Union of Victoria have called on the Federal Government to review Rent Assistance and believe that the issues facing students on low incomes are a clear illustration of the problems that all renters face.

In particular, Austudy students face additional hardship, above all other students, because they are not eligible for Rent Assistance. Austudy recipients in the private rental market are expected to survive on a maximum payment out of \$163.25 per week. The Tenants Union is unaware of any compelling policy reason for excluding Austudy recipients from eligibility for Rent Assistance. This exclusion is anomalous and unjust, and we seek that this Committee recommend that the necessary legislative and policy changes be made immediately, so that Austudy recipients become eligible for Rent Assistance.

⁴ Melbourne Institute of Applied Economic and Social Research, *Poverty Lines: Australia ISSN 1448-0530 September Quarter 2004*, <http://www.ecom.unimelb.edu.au/iaesrwww/miesi/poverty/Poverty%20lines%20Australia%20September%2004.pdf>

RENT ASSISTANCE AS INCENTIVE TO COMMENCE AND CONTINUE STUDYING

The Tenants Union also believes that the lack of availability of appropriate housing support is a significant disincentive to students commencing or completing a course of study. In the Australian Housing and Urban Research Institute (AHURI) report, *Rent Assistance and Young People's Decision-Making*,⁵ student recipients of government income support cited high rents, and the number of hours of work necessary to meet living costs, as their most pressing problems.⁶ 68.3% of students indicated that the availability of Rent Assistance had been a factor considered when determining whether to pursue their education.⁷ Significantly, 23.3% of students indicated that, without Rent Assistance, they would not have been able to commence or continue studying.⁸ In particular, students from rural and regional areas were more likely to indicate that eligibility for Rent Assistance was a major influence on their decision to undertake study, presumably because of their particular need to move closer to their chosen educational institution.⁹

Students in receipt of Rent Assistance generally believe that it makes a positive impact on their circumstances. The majority of tertiary and secondary student recipients felt that RA made their rents more affordable (78.9%),¹⁰ assisted them in continuing with their studies (75.1%),¹¹ and live near their place of study (56.1%).¹²

⁵ Australian Housing and Urban Research Institute, *Rent Assistance and Young People's Decision-making*, Swinburne-Monash Research Centre, January 2002.

⁶ *ibid*

⁷ *ibid*

⁸ *ibid*

⁹ *ibid*

¹⁰ *ibid*

¹¹ *ibid*

¹² *ibid*

AFFORDABLE AND APPROPRIATE HOUSING FOR STUDENTS

Clearly, the availability of affordable and appropriate housing is an important issue to prospective and current students. There is, however, no consensus about the definition of affordability.

The Tenants Union have adopted a practical approach to the issue of affordability, taking it to mean having sufficient household income after payment of housing costs to meet other necessary costs of living (such as utilities, food, transport, and in the case of students, books, fees and other charges).¹³ In this context, the increasing cost of rent, particularly in major metropolitan and regional cities, where many educational institutions are based, means that students reliant on government income support will find it even more difficult to find affordable housing. Research undertaken by the Tenants Union indicates that, for recipients of Youth Allowance or Abstudy (inclusive of Rent Assistance), or Austudy, the options in the private rental market are extremely limited. Even marginal accommodation, such as rooming houses and caravan parks, are often beyond the reach of young people, with rents averaging \$120 to \$200 per week. Affordable share housing is limited, often in poor condition and poorly located relative to employment and educational centres.¹⁴

It is also important that the housing options available to students are appropriate to their lives as students. The Tenants Union asserts that proximity to the educational institutions attended is an important indicator of the propriety of housing for students. AHURI reports that 58.2% of students cited the time taken to get to their place of study as a key factor in deciding where to live¹⁵. Proximity to their educational institution is important not only because it minimises travel time to and from the educational institution (thus freeing up time for study and/or employment). It also reduces the transport costs involved and assists students by making access to campus resources (such as libraries, computer laboratories and academic staff) easier. However, for students enrolled at institutions in major metropolitan areas and regional cities, rentals can be prohibitively expensive. Therefore, the Tenants Union recommends that Rent Assistance be flexible enough to cater for students who are required to move and live in areas where rents are particularly high.

¹³ Tenants Union of Victoria, *Tenant Outcomes: Affordability Measures and Comparisons*, <http://www.tuv.org.au/TUV%20Affordability%20Bulletin.pdf>

¹⁴ Tenants Union of Victoria, *Tenant Outcomes: Affordability Measures and Comparisons*, <http://www.tuv.org.au/TUV%20Affordability%20Bulletin.pdf>

¹⁵ Australian Housing and Urban Research Institute, *Rent Assistance and Young People's Decision-making*, Swinburne-Monash Research Centre, January 2002.

RECOMMENDATIONS

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