



Students' Representative Council  
The University of Sydney

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Submission to the  
Senate Rural and Regional Affairs  
and Transport References Committee  
Inquiry into

**Rural and Regional Access to  
Secondary and Tertiary  
Education Opportunities**

**August 2009**

Presented by Noah White, SRC President

## Introduction

The Students' Representative Council (SRC) is the student organisation at The University of Sydney that represents undergraduate students, ensures opportunities for undergraduate students to be involved in the decision making processes at the University of Sydney and provides a welfare and advocacy services for all undergraduate students.

Through a team of professional staff, SRC HELP (Independent Advice and Advocacy), the SRC provides all undergraduate students access to services *free of charge*, all year round. Below is a list of services that the SRC provides:

Advocacy and advice within the University regarding:

- Academic matters  
*including academic appeals, exclusions, special consideration & student misconduct allegations*
- Course Fee Refunds and Re-crediting of Student Learning Entitlement
- Administrative matters  
*Incl. enrolment, transcripts, credit, progression, admission, graduation*
- 'show good cause' and exclusion from university
- Harassment and Discrimination allegations
- Referral to and support with external bodies (eg. NSW Ombudsman)

Advocacy and advice with other matters affecting life as a student:

- Employment rights
- Centrelink eligibility and appeals
- Accommodation and Tenancy complaints and tribunal hearings
- Financial matters; including financial hardship, Insurance coverage, Superannuation and tax

The SRC is pleased to make a submission to this inquiry. While this inquiry is set up to look at regional and rural students across the secondary and tertiary sectors, given the SRC mandate is limited to the representation of undergraduate university students, this will be our focus.

## **Recommendations**

### **LOW COST AND AFFORDABLE UNIVERSITY ACCOMMODATION**

- A** Government could consider granting Universities tax incentives to build truly low cost and affordable housing for students from low-income backgrounds, or with low/no income.
- B** Government could encourage and work with Universities towards offering all commencing students a place in affordable University accommodation. This could start with rural and regional students, international students and interstate students. Ultimately Universities would be able to offer all first year students a place in University accommodation.

### **RELOCATING STUDENTS**

All students who relocate in order to study should be eligible for the full Independent rate of student payments, Relocation and Startup scholarships.

### **START UP SCHOLARSHIPS & RELOCATION SCHOLARSHIPS**

Widen eligibility for Start Up scholarships to all students receiving a Centrelink payment, not just student payments, such as the Disability Support Pension and Parenting Payment. Eligibility for Relocation scholarships can also be widened, if students are relocating for study.

### **FARES ALLOWANCE**

- A** Greater promotion of the Fares Allowance by including the Fares Allowance application form in student payment application forms.
- B** If all students relocating for study are not to be eligible for the full Independent rate of student payments, they should, at a minimum, be eligible for Fares Allowances.
- C** Fares Allowance should have an emergency component that allows for students to return home during semester if there is a personal or family emergency, on top of the regular 2 return trips per annum.

### **DATA & RESEARCH**

- A** The Government review the collection and publication of Centrelink data, making it more publicly available and transparent.

- B** More research be undertaken on students, their financial circumstances and social security payments.
- C** Seek a commitment from the Government to undertake thorough research on students whose parents earn just over the parental income threshold to investigate if these students are financially disadvantaged to the extent that their access, participation and success at University are affected by the changes to the workforce participation criteria.
- D** A commitment be sought from the Government to undertake thorough research comparing average family incomes in rural and regional areas with the cost of supporting a child through tertiary study.

#### **DATE for WORKFORCE PARTICIPATION CRITERIA CHANGES**

Delay the date of implementation of the changes to the workforce participation criteria for Independent Youth Allowance by 12 months to 1 January 2011.

#### **AGE OF INDEPENDENCE**

- A** The age of independence be lowered in one step, at the same time the workforce participation criteria changes come into place.
- B** The age of independence be lowered to 21 years of age.
- C** All Honours students be eligible for an Independent student payment.

#### **PARENTAL INCOME TEST**

The parental income threshold be indexed to average weekly earnings.

## **The financial life of students**

While this inquiry is set up to look at regional and rural students across the secondary and tertiary sectors, given the SRC mandate is limited to the representation of undergraduate university students, this will be our focus.

The SRC, through its representative work and casework service, is acutely aware of the financial pressures facing many students as they progress through their degree programs. Financial pressures frequently have adverse effects on grades, with the work-study balance being well documented, for example see the Universities Australia *National Survey of Student Finances 2006*.

Teaching staff frequently do not understand the financial pressures facing students. Even when they do, teachers often feel powerless to assist students with their finances so that they can regain a better work-study balance. University of Sydney Student Services includes a Financial Assistance Office, which offers interest-free loans and bursaries to students. However, they cannot offer the ongoing financial assistance which many students need, which can only be achieved through social security payments such as Youth Allowance, Austudy or Abstudy.

The SRC is concerned about all students and the impact that the increasing cost burden on students is having on access to higher education, participation and completion rates and outcomes. The cost of living is rising, and many working families cannot keep up. This begs the question: how are young or mature-age students meant to be able to keep up and maintain a healthy work-study balance? The answer for many is a social security payment.

The SRC warmly welcomes many of the changes the Government has put forward for tertiary students, including rural and regional students. The SRC believes that the Start Up scholarships and Relocation scholarships available for all students on a student payment will be beneficial to rural and regional students as they effectively raise the rate of payment. Even so, the rate of payment remains below the Henderson Poverty Line, and many students will have to get by on a low \$50 per week after paying rent.

In this submission the SRC values the opportunity to raise the concerns we have concerning some of the proposed changes for rural and regional students, as well as other issues which are central to the rural and regional student experience.

**The SRC's main interests in this submission are student social security payments and the proposed changes and the lack of availability of affordable student housing.**

## **The financial impact on rural and regional students who are attending metropolitan secondary schools, universities or TAFE.**

The SRC agrees with the government and wants an inclusive tertiary education system in which all students can participate and succeed. There is a gap in the system, with regional and rural persons experiencing significantly lower access, participation, and completion rates than their metropolitan counterparts. Closing the gap requires a whole-of-government approach, including a strong focus on all educational experiences.

The SRC has contact with students who are enrolled in The University of Sydney degree programs, as well as some limited contact with potential students. The financial cost of attending The University of Sydney, a metropolitan university, is often significantly higher for a rural or regional student than their metropolitan counterparts. Assuming a relocating student does not stay free of board with a family member in The University of Sydney or Sydney area, the following costs can be predicted:

### **Accommodation**

**a) Private rental market: Rent for 52 weeks in a year can be around the \$10,000 mark.**

The average price for a room in a share house (the most affordable type of student accommodation (other than cooperative housing) and the most common) is conservatively between \$180-\$200 per week. Many landlords around The University of Sydney are charging significantly higher rent than this.

**b) University residential colleges: A charge for 37 weeks at \$360 per week = \$13,320**

Costs per week in catered residential colleges vary from \$275 (twin share) to \$467 (en-suite). Paying around \$360 per week would not be unusual. Some charge for a 34 week academic year, while other charge for 37 weeks. ([http://www.usyd.edu.au/current\\_students/accommodation/on\\_campus.shtml](http://www.usyd.edu.au/current_students/accommodation/on_campus.shtml))

### **Recommendations LOW COST AND AFFORDABLE UNIVERSITY ACCOMMODATION**

- A** Government could consider granting Universities tax incentives to build truly low cost and affordable housing for students from low-income backgrounds, or with low/no income.
- B** Government could encourage and work with Universities towards offering all commencing students a place in affordable University accommodation. This could start with rural and regional students, international students and interstate students. Ultimately Universities would be able to offer all first year students a place in University accommodation.<sup>1</sup>

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<sup>1</sup> This is international best practice, as the experience in many places in the US and UK for example, demonstrate. The benefits to both students and the institutions alike can be multiple and manifest.

## **Other costs**

On top of their accommodation costs, rural and regional students often have additional costs including start-up and relocation expenses such as furniture, washing machines, and trips back home at the end of semester, ongoing costs such as utilities, communication costs with family, food, transport, costs of study and uniforms and study-related expenses (eg. Computer and text books), medications and relaxation costs.

Using the Australian Scholarships Group on-line study and living costs calculator, annual living costs for a student living in rental accommodation in NSW are estimated as \$21,545. In Canberra this is \$22,097, and in WA \$21,776. ([www.asg.com.au](http://www.asg.com.au) cited in Hastings 2009b, p4)

### **Recommendation RELOCATING STUDENTS**

All students who relocate in order to study should be eligible for the full Independent rate of student payments, Relocation and Startup scholarships.

## **Start Up Scholarships**

The SRC welcomes the introduction of the \$2,254 'Start-Up' scholarships for each year of study for Youth Allowance, Austudy and Abstudy recipients. These students will fair better in relation to the poverty line, moving from 52.5% on the Henderson poverty line, to 62.7% (Hastings 2009a, p1). The SRC would have liked to see a higher and indexed rate of payment, but the introduction of these scholarships will have a beneficial impact on students. The Relocation Scholarship will also be a real benefit to all rural and regional students receiving a student payment.

The SRC reminds the Committee that some students in financial need are on other Centrelink payments, such as the Disability Support Pension and Parenting Payment. The SRC believes that it is logical for these students to also be eligible for Start Up scholarships, as well as Relocation scholarships if they are relocating for study.

### **Recommendation START UP SCHOLARSHIPS & RELOCATION SCHOLARSHIPS**

Widen eligibility for Start Up scholarships to all students receiving a Centrelink payment, not just student payments, such as the Disability Support Pension and Parenting Payment. Eligibility for Relocation scholarships can also be widened, if students are relocating for study.

## **Fares Allowance**

Fares Allowance, connected to student payments, covers the cheapest cost of 2 return trips home a year for students who have to travel more than 90 minutes to attend study. Anecdotal SRC casework experience indicates that many students who are entitled to the allowance are not aware of it.

### **Recommendations FARES ALLOWANCE**

- A** Greater promotion of the Fares Allowance by including the Fares Allowance application form in student payment application forms.
- B** If all students relocating for study are not to be eligible for the full Independent rate of student payments, they should, at a minimum, be eligible for Fares Allowances.
- C** Fares Allowance should have an emergency component that allows for students to return home during semester if there is a personal or family emergency, on top of the regular 2 return trips per annum.



## **The implications of current and proposed government measures on prospective students living in rural and regional areas**

### **Data and Research**

The SRC has a sense of unease with the changes to the workforce participation criteria for three main reasons.

Firstly, the Bradley Review said these changes to the workforce participation criteria would mean “around 27,000 prospective Youth Allowance claimants would not qualify for benefits, and a further 7,000 current recipients would not become eligible for a higher rate of allowance.” (Bradley 2008, p62) This is a total of 34,000 students which is a significant number, constituting almost 30% of the total number of students on Youth Allowance as of June 2008. (DEEWR 2008, p85) The SRC is not clear on the mathematical workings that derived these figures, and have found trying to do our own analysis difficult due to the absence of clear and detailed information.

The SRC does not believe sufficient information is known about these 34,000 students, their financial circumstances, and how they may be affected by not being able to access Youth Allowance payments. Anecdotally, the SRC is aware that a number of students do not receive sufficient or any financial support from their parents, and find it therefore extremely difficult to maintain a healthy work-study balance. As the case study below demonstrates, some students are currently managing their studies because they have been able to prove ‘independence’ and receive \$222.77 per week.<sup>2</sup>

#### ***STUDENT CASE STUDY***

*Currently ‘Independent’, would not qualify for any payment under the proposed changes.*

*“My parents [are...] ‘asset rich, cash poor’. They have little left over each week to support me once they pay the mortgage, pay their own rent, and pay for things like looking after my grandmother who is very frail and only has the DVA pension to live on. I think many people also do not realise that divorce is an extremely expensive business. My parents were much better financially before they got divorced.*

*“...They could perhaps contribute \$50 a week each. Any more than that and it’s a bit harder. There’s also the problem that I have nowhere to go if I couldn’t pay my rent. My mother rents a one bedroom flat and my father lives overseas, so I’d probably be sleeping on her floor or calling up relatives!”*

<sup>2</sup> Current rate of maximum Youth Allowance payment, with Rent Assistance is \$371.40 (YA) + \$74.13 (Rent Assistance) = \$445.53 per fortnight

Secondly, the SRC is concerned about the lack of research and available data generally regarding Centrelink student payments. Chapman and Lounkaew (2008) are clear about the lack of available data to analyse student payments. "The Australian Government does not, as a matter of course, systematically collect information that would allow confident assessments of the precise financial circumstances of students in receipt of, or prospectively in receipt of income support." (2008, p2) Chapman and Louknaew needed to use HILDA data across a number of years. This meant that their sample size was small, and limited to 136 youth allowance recipients living in the family home over 6 years – compared to approximately 117,623 students receiving Youth Allowance in June 2008. (DEEWR 2008, p85)

Thirdly, the focus of the Chapman and Lounkaew research could only be the "Independent-at-Home" (IAH) category. Even if there were a solid case for removing the IAH category, there is no direct connection to then advocate for changes to the workforce participation criteria for students not living at home. Chapman and Lounkaew do not make this connection and only say their research "sits comfortably with the [Bradley] Review's recommendation of the abolition of this [IHA] aspect of YA." (2008, p8) The case has not been made for the abolition of 2 of the 3 workforce participation criteria – affecting all potential 'independent' students, both those living in the family home and outside.

The SRC concedes there may be a case for abolishing the IAH category, but does not believe that this research, based on a 136 sample size and only looking at the IAH payment, is sufficient research to warrant the changes to the Independent workforce participation criteria, particularly if it will restrict access and payments for 34,000 students. The case has not been made. The SRC believes changes to the workforce participation criteria would benefit from more comprehensive analysis and research.

#### **Recommendations DATA & RESEARCH**

- A** The Government review the collection and publication of Centrelink data, making it more publicly available and transparent.
- B** More research be undertaken on students, their financial circumstances and social security payments.
- C** Seek a commitment from the Government to undertake thorough research on students whose parents earn just over the parental income threshold to investigate if these students are financially disadvantaged to the extent that their access, participation and success at University are affected by the changes to the workforce participation criteria.
- D** A commitment be sought from the Government to undertake thorough research comparing average family incomes in rural and regional areas with the cost of supporting a child through tertiary study.

### **Date for changes to workforce participation criteria**

The Universities Australia *National Survey of Student Finances 2006* found that 21.9% of all undergraduates deferred their study, with 12.4% of them doing so in order to establish independence for Youth Allowance. A further survey by the Centre for Study of Higher Education at the University of Melbourne, identified that in 2004 43% of deferring students were from rural areas. (cited in Hastings 2009b, p4) It can therefore be expected that a significant number of students made conscious financial decisions to defer tertiary study for a year after high school so that they could gain 'independence' in order to best manage their finances when studying at University.

The only workforce participation criteria for Independence that remains in the bill is working 30 hours per week for 18 months. The SRC casework team has not seen one student qualify for independence under this criteria in all the years the criteria has been in place.

It is impossible for students to work 30 hours for 18 months between high school and university unless they defer their place for 2 years. Virtually all Universities only allow students to defer an offer of a place for one year. Students would run the risk of being disadvantaged if they applied for a University place 12 months after leaving high school as admission criteria requirements (UAI's etc.) often increase over time. Furthermore, a 2 year gap between high school and university will increase the chances of students, particularly those from disadvantaged groups, not coming to university. There is also the question of whether school-leavers, particularly those in rural and regional communities, can find what is effectively full-time work for 18 months.

Given the Government's plans to alter the workforce participation criteria for 'Independent' Youth Allowance, the students who deferred in order to qualify for independence will now need to consult the combined parental income test again, leaving some unable to qualify for a student payment.

There may be some regional and rural students who took up an offer of a University place in a metropolitan area and deferred because they acted in good faith, understanding they would be able to qualify for Independent Youth Allowance. If they had thought they could not qualify, they may have accepted a place at a different institution - dictated by their financial situation.

The SRC has received a number of unsolicited emails and comments from students and parents expressing their disappointment with this change and unsure how they will balance their budgets.

### **Recommendation DATE for WORKFORCE PARTICIPATION CRITERIA CHANGES**

**Delay the date of implementation of the changes to the workforce participation criteria for Independent Youth Allowance by 12 months to 1 January 2011.**

## Age of Independence

Most undergraduate degrees are 3 years, or 4 years with honours (there are exceptions). Accordingly, most undergraduate students who do not defer after high school and complete their degree in the minimum time will graduate when they are 21, or 22 with Honours. Therefore most undergraduate students will not benefit from the age of independence being lowered to 22 years of age.<sup>3</sup>

Lowering the age of independence to 21 instead of 22 years of age would put student payments in line with NewStart payments and at least allow many students to access financial support in their last, most challenging, year of study, and Honours.

### Recommendations AGE OF INDEPENDENCE

- A** The age of independence be lowered in one step, at the same time the workforce participation criteria changes come into place.
- B** The age of independence be lowered to 21 years of age.
- C** All Honours students be eligible for an Independent student payment.

## Parental income test

The SRC welcomes the increase in the parental income threshold to \$42,559 (up from \$32,800), in line with the maximum rate of payment of Family Tax Benefit A. This brings the cut-off threshold above average full-time weekly earnings. However, the SRC notes that this is the average full-time weekly earnings for one person. There are few family units where this is sufficient to support a family of three adults (a couple and their child at University).

The SRC has previously argued, and we remain committed to this position, that the parental income threshold would be best raised to the equivalent of average weekly earnings, and that it is accordingly indexed. (At August 2008, the Australian Bureau of Statistics records Full time adult ordinary earnings at \$1,145.10 per week, or 59,545.20 per annum.

### Recommendation PARENTAL INCOME TEST

The parental income threshold be indexed to average weekly earnings.

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<sup>3</sup> Were the Newstart rules to change and exclude adults under 21 years of age, the financial situation for young people would be of serious concern. The SRC makes reference to *Recommendation DATA & RESEARCH*, urging the Government to undertake thorough public research before making changes to Centrelink payments.

## Bibliography

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Universities Australia 'National Survey of Student Finances 2006'