



Submission to the Senate Inquiry Into Poverty In Australia

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Representing students since 1884

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INTRODUCTION TO MUSU

The Melbourne University Student Union Incorporated (MUSU) exists to represent, advance the interests and welfare of, and provide amenities and services for the 32,000 students at the University of Melbourne. The majority of these students study at the principal campus located in Parkville. MUSU has a long and proud history of influencing a unique and vibrant campus culture, which has ensured that the student experience is positive and fulfilling. MUSU has served to successfully foster the intellect and celebrate the diversity of all students of the University of Melbourne.

Providing more than 90 individual student services, MUSU is the second largest student organisation in Australia. We employ almost 200 full time, part time and casual staff, many of whom are students. We have an annual turnover of A\$12 million. Our services range from providing cultural and extracurricular activities, to medical, legal and counselling support as well as miscellaneous equipment, resources and other infrastructure.

Ultimately, MUSU is democratically governed by and for all students of the University of Melbourne through the Student Council. There exist several specialist committees with delegated areas of responsibility. Office Bearers are directly elected by students who have responsibility for the day to day running of specific portfolios and are accountable to Student Council.

INTRODUCTION

Poverty is an issue faced by many tertiary students in today's society. It is an issue that until recently has been largely unexplored and uninvestigated, despite anecdotal evidence suggesting a general social awareness of the financial hardships faced by students. The lack of substantial research into student poverty indicates a lack of social concern about the welfare of students. It could even be argued that the idea of student poverty has become romanticized and accepted as a normal aspect of student existence.¹ Such complacency about student poverty reveals the marginalisation of students and the effective dismissal of social responsibility for the welfare of students. It is the aim of this submission to demonstrate student poverty as a reality for many tertiary students that bears real and alarming consequences for the individual student as well as for Australian society in general.

This submission consists of four main parts. Part 1 establishes a theoretical framework for this submission by defining the key term of poverty and the main means of measuring poverty. Part 2 analyses student income support payments, in particular the level of Centrelink payments, the eligibility criteria and the most problematic aspects of the Centrelink student payment system. The most problematic aspects are identified as the age of independence, disadvantage faced by queer students, parental means testing, Abstudy, costs of study related materials and childcare. All these aspects bear a direct influence on the general standard of living experienced by students. Part 3 analyses the standard of living in relation to employment patterns among students. Student employment patterns as well as Centrelink payments form the basis of Part 4, which reveals the nature of student poverty as deprivation in terms of economic needs, personal development and quality of education.

¹ Judith Bessant, 2002, 'Student Poverty in the Enterprise University', Canberra: Australian Catholic University, p. 12

RECOMMENDATIONS

Recommendation 1:

That the level of income support payments be raised to at least match the poverty line.

Recommendation 2:

That the age of independence be reduced to 18.

Recommendation 3:

That independence criteria be relaxed in cases where family conflict has arisen from a student's sexuality.

Recommendation 4:

That same sex relationships be recognised by Centrelink for the purpose of qualifying for independence.

Recommendation 5:

That the parental means test be reassessed.

Recommendation 6:

That changes made to Abstudy in the 1997 – 98 budget be reversed.

Recommendation 7:

That the 50-hour cap on work related childcare be raised to assist parents who are combining work and study.

Recommendation 8:

That the threshold on receiving the full amount of the government Childcare Benefit be raised.

Recommendation 9:

That the full amount of government Childcare Benefit be raised.

Recommendation 10:

That the GST on books and course-related materials be removed.

PART 1

POVERTY— THEORETICAL CONSIDERATIONS AND KEY TERMS

Poverty is a concept that is often open to personal interpretation. The Macquarie Dictionary defines poverty as: ‘the condition of being poor with respect to money, goods or means of subsistence’², where poor means ‘having little or nothing in the way of wealth, goods or means of subsistence’³. This definition is fundamentally imbued with subjective meaning, which allows key decision makers to shift the parameters for identifying individuals and groups suffering from poverty and thus avoid the responsibility of addressing the causes and effects of poverty.

In order to avoid the negative implications of subjectivity, poverty is best understood in terms of absolute poverty and relative poverty. Absolute poverty refers to ‘a state in which the individual lacks the resources necessary for subsistence’.⁴ Absolute poverty is a reference term that is frequently used in international comparisons mostly to describe Third World countries and their populations. Absolute poverty is unlikely to be experienced in Australia considering Australia’s high ranking among the economically developed countries.⁵ Poverty in Australia is more accurately described as relative poverty, which refers to ‘the individual’s or group’s lack of resources when compared with that of other members of the society’.⁶ For the purposes of this submission, poverty is understood as relative poverty, unless otherwise specified.

² A. Delbridge, J.R.L. Bernard, D. Blair, S. Butler, P. Peters, C. Yallop, eds., *The Macquarie Dictionary – Federal Edition, M-Z*, Sydney: The Macquarie Library, 2001. p. 1492

³ ibid, p. 1481

⁴ Gordon Marshall, ed., *A Dictionary of Sociology*, Oxford: Oxford University Press, 1998. P. 516

⁵ Organisation for Economic Cooperation and Development (OECD) 2003, ‘Economic Survey of Australia 2003’, available from: www.oecd.org.

⁶ Marshall, op. cit., p. 516

1.1 Measurement of poverty levels

Poverty is commonly measured in Australia against the Henderson Poverty line, which is 'a defined income level which is updated regularly'⁷ (the poverty line). The poverty line provides a main point of reference in Part Two, which analyses the adequacy of the student income support payments.

However, while the poverty line serves a useful immediate comparative purpose, it does not reveal the full extent of poverty or the depth of deprivation suffered by poverty-stricken students. Part Three of this submission substantiates the findings of Part Two by demonstrating the impact of the (in)adequacy of income support payments on students, in terms of paid employment. Student poverty is measured in comparison to the standard of living enjoyed by the general population.

⁷ Brotherhood of St. Laurence, 2002, 'Information sheet no. 1 - Poverty: Facts, figures and suggestions for the future', available from: www.bsl.org.au.

PART 2

STUDENT POVERTY AND INCOME SUPPORT

A person's economic situation - the ability to pay fees, rent and support oneself while studying - is a primary determinant of their ability to access education. And whilst access to education is determined by other factors, financial ones are the most significant.

Recent Australian studies looking at student poverty⁸ confirm what student organisations have known anecdotally for years; levels of payment are too low, independence criteria too strict and students are working longer hours in order to survive. Poverty has a significant impact on a person's health and general well-being. It also impedes their ability to participate fully in their studies and life in general. Contrary to the persistent belief that poverty is part of the bohemian student lifestyle and is only experienced by students for a short time in their lives, poverty can impact on a person's long-term future.

MUSU is concerned that large numbers of students who are eligible to enter tertiary education are unable to do so because they are ineligible for income support payments. We believe that, in particular, the age of independence must be lowered to 18 years and the parental means test reassessed to ensure that all people, regardless of their background or socio-economic status are able to enter tertiary education if they desire.

⁸ Australian Vice Chancellors Committee [AVCC], Paying their Way: A survey of Australian Undergraduate university student finances 2000, Canberra: AVCC, 2001; Bessant, op. cit.

2.1 Level of payments

The large levels of poverty amongst the student body are due in part to the inadequate levels of income support payments. Some of these are shown in Table 1 below:

Table 1.⁹

Youth Allowance	Per Fortnight
Single, no children	
- under 18, living at home	\$165.10
- under 18, living away from home	\$301.70*
- over 18, living at home	\$198.60
- over 18, living away from home	\$301.70*
Single with children	\$395.30*
Partnered (partner of opposite sex), no children	\$301.70*
Partnered (partner of opposite sex) with children	\$331.30*
Austudy Payment	Per Fortnight
Single, no children	\$301.70
Partnered (partner of opposite sex), no children	\$301.70
Single with children	\$395.30
Partnered (partner of opposite sex) with children	\$331.30
Abstudy Payment	Per Fortnight
Aged 18-20	\$198.60
Single, independent, aged 21 or over	\$364.60
Disability Support Pension	Per Fortnight
Coupled (each)	\$328.90
Single, over 16 or independent	\$372.10
Students in receipt of a disability support pension may be entitled to the pensioner education supplement	\$62.40 pf (50% load) \$31.20 pf (25% load)

*rent assistance may be available

The poverty line for a single student is \$225.45 a week, or \$450.90 a fortnight.¹⁰ Youth Allowance and Austudy payments are well below the poverty line, with a single adult student in receipt of Austudy receiving a payment that is 37% below the poverty line.

⁹ Centrelink, 2002, 'Education Payment Rates' and 'Youth Payment Rates' available from: wwwcentrelink.gov.au.

¹⁰ Australian Council of Social Service (ACOSS), 2001, 'Below Poverty line Social Security Payments', available from: www.acoss.org.au.

A study conducted by the Australian Vice Chancellors Committee (AVCC), 'Paying their way: A survey of Australian Undergraduate University Student Finances, 2000', found that on average, student budgets are in deficit by around 21%. The average is 42% for full-time students. The study also found that one in every ten students obtains a loan to be able to continue studying, and that the average amount borrowed is \$4000.¹¹

A study conducted by Judith Bessant, 'Student Poverty in the Enterprise University',¹² found that poverty is leading to significant health and welfare issues for students. These include considerable numbers of students eating inadequately or going without food, being unable to afford basic heating and not accessing health care professionals when ill.

Financial hardship also has an obvious effect on a student's ability to focus on their studies. Work commitments often interfere with a student's ability to attend classes and tutorials, complete assessment tasks and study. Around 70% of students are in paid employment during semester; of these, one in ten frequently miss classes because of that employment.¹³ Poverty also impacts on the ability to study through the inability of students to purchase textbooks, materials and equipment necessary for their courses. Whilst students who cannot afford this equipment are not directly prevented from completing their course, the quality of their work is compromised in comparison to those who can afford these items.

Case Study:

Tracy¹⁴ is enrolled in a Graduate Diploma of Education. She saved for a number of years to be able to support herself whilst she took a year off work and studies full-time. Her financial situation is a source of constant stress and anxiety for her. She feels that it is impacting on her ability to complete her assessment tasks and get the most out of her education.

'I'm really stressed about my money situation to the point where I'm having trouble with my assignments. I'm worried that I'll fail, because I won't be able to afford to

¹¹ AVCC, op. cit. p. 2

¹² Bessant, op. cit.

¹³ AVCC, op. cit. p. 2

¹⁴ Pseudonym

come back next year and finish my course. It would mean I won't be able to finish my course.¹⁵

2.2 Eligibility criteria

2.2.1 Age of independence

In all areas of civil life a person is thought to be 'an adult' at the age of 18. It therefore, appears illogical that for the purpose of income support a person is considered to be dependent on their parents. As well as being inconsistent with other areas of a person's life, the age of independence is premised on the fallacy of parental support; in fact, many students cease receiving financial assistance from their parents well before they turn 25, even if they still live in the family home.

The Final Report of the 2001 Youth Allowance Evaluation¹⁶ also supports a lowered age of independence, finding that 'Young people should leave home when they are financially independent. On average, this was likely to be at age 21'. The survey found that

'at age 16 to 17, parents played a major role in providing financial support. As the young person grew older ... parental support gradually tapered off'

and that

'a majority of parents (80%) did not pay a regular allowance. Most cash assistance was given as occasional gifts.'

¹⁵ Case study from the Melbourne University Student Union Advisory Service student case notes.

¹⁶ Department of Family and Community Services, 2001, 'Youth Allowance Evaluation: Final Report, December 2001', available from: www.facs.gov.au.

2.2.2 Queers and youth allowance

There are numerous criteria for being independent for the purpose of receiving income support. These include: inability to live at home due to unreasonable circumstances and/or living in a marriage-like relationship. These particular independence criteria impact disproportionately on young gay, lesbian, bisexual, transgender and queer people.

Coming to terms with your sexuality, and coming out, is a difficult time for queer young people. Coming out is not an isolated event, but is something people negotiate over much of their lives. Some young queers are supported by friends and family during the initial stages of coming out, but others are faced with hostility, emotional abuse and even violence at the hands of family and peers.

Experiences of homophobia are everyday, persistent, sometimes subtle and sometimes threatening and violent. The profound impacts of homophobia on young queers is evidenced by the disproportionately high rates of queer youth depression, substance abuse, suicide and self-harm well known to workers in the field and documented in numerous studies conducted on the issue.¹⁷

A study conducted by Fordham found that, of those surveyed,

‘The gay and bisexual men had seriously considered suicide at twice the rate of the heterosexual men, and were more likely to have run away from home.’¹⁸

Other studies have suggested that queer youth are up to seven times more likely to commit suicide or self-harm when compared with their heterosexual counterparts.

¹⁷ Australian studies include: K. Fordham, 1998, ‘Sexuality and Suicide: An Investigation of Health Compromising and Suicidal Behaviours among Gay and Bisexual Male Youth in Tasmania’, Community and Rural Health Division, University of Tasmania; WA Aids Council and Gay and Lesbian Counselling Service of Western Australia, 1998, ‘Here for Life: Youth Sexuality Project’; Australian Research Centre in Sex, Health and Society, 2001, ‘Writing Themselves In: A National Report of the Sexuality, Health and Well-Being of Same-Sex Attracted Young People’.

¹⁸ Fordham, op. cit.

Youth Allowance independence criteria are a double bind for many queer students. Many could not afford to study if they were to move out of home and lose their allowance. They fear that coming out to their parents will result in their parents forcing them to leave. Others are forced to remain silent about their sexuality to continue to stay at home, but then feel isolated, depressed and compromised at having to live a lie.

Whilst it is not strictly necessary, young people are often persuaded to let Centrelink contact their parents when applying for independence under the 'unreasonable to live at home criteria'. Some decide that they would rather abandon the application all together than endure the application process.

The process can be extremely traumatic for young queers, not least because it necessitates disclosure of their sexuality to multiple persons, and some experience feelings of being treated as if they are being dishonest. Anecdotal evidence from students also suggests that some parents actively deceive Centrelink staff, denying the tensions at home for a variety of reasons, including spite and attempts to force their child to stay at home so as to monitor their sexual behaviour. One student interviewed as part of a recent study into Youth Allowance and sexuality stated:

‘When I came out, my parents told me I had a mental illness and it was a great sin. I had to have therapy and when it didn’t work out they threw me out of the house and didn’t sign my CYA form to allow for homeless benefits.’¹⁹

Students can also qualify for independence if they have been married or living in a marriage-like relationship for 12 months or more. Queer students are blatantly discriminated against

¹⁹ S. Lantz, 2001, Keeping it Straight: How the Common Youth Allowance Polices, Regulates or Circumscribes Women’s Sexuality, Youth Research Centre, University of Melbourne.

in this regard; same sex relationships are not acknowledged as 'marriage-like' for the purpose of qualifying for independence.

2.2.3 Parental means test

The parental means test is intended as a mechanism to ensure that assistance is received on a needs basis. Anecdotal evidence from students and results from studies have suggested that there is a significant gap in which exists a group of people who are ineligible for income support yet whose parents or partners do not earn enough to support them. MUSU is concerned that the parental means test is poorly targeted, and that 'it is prospective students from families with modest incomes... who are most at risk of being denied opportunity in the higher education system on financial grounds.'²⁰ The parental means test is also based on the assumption that financial resources will be distributed to a student within the family, a scenario that does not necessarily occur.

Qualitative research conducted by the Department of Family and Community Services found that, in particular, families earning less than \$40,000 a year 'often feel they need extra financial assistance to support their children, particularly if their children are full-time students' and that they 'were under some strain'.²¹ Parents surveyed in the study felt that the parental means test could be changed in a variety of ways to make financial assistance more appropriately targeted. These include increasing the limit at which benefits are cut off, removing assets from the test (especially businesses and farms), and basing income assessment on net income rather than gross income.

²⁰ B. Birrell, I.R. Dobson, F.T Smith, 1999, 'The New Youth Allowance and Access to Higher Education', *People and Place*, Vol. 7, No. 3. Pp 19 – 30.

²¹ Department of Family and Community Services, 2001, op. cit.

2.3 Abstudy

Changes to Abstudy—which were widely criticised by the Australian and Torres Strait Islander Commission (ATSIC), student groups and the AVCC—were brought into effect in January 2000. It is clear that these changes, as predicted by ATSIC in a report entitled ‘Analysis of the proposed changes to Abstudy on Indigenous Students’, have resulted in a drop in the numbers of indigenous students accessing a university education.²² In 2000, the numbers of commencing indigenous students dropped by 15%.²³ The report found that the policy changes:

‘(damage) the opportunity for life-long learning for Indigenous Australians, (and) attempts to force Indigenous Australians into a pattern of further study most suited to non-Indigenous, middle-class Australians.’²⁴

and that the changes also:

‘reduce the financial support for those Indigenous community members most ready and equipped to contribute to their community’s economic, social and political determination.’²⁵

Given that a large proportion of the indigenous population are also of a low socio-economic background, income support measures are crucial in enabling indigenous students to attend tertiary institutions. MUSU is both concerned that these changes have resulted in large numbers of indigenous students being unable to enter higher education and that these changes were implemented despite the objections of the indigenous community.

²² Aboriginal and Torres Strait Islander Commission, 1999, Analysis of the proposed changes to Abstudy on Indigenous Students: Final Report, Canberra: ATSIC.

²³ Department of Education, Science and Training, 2002 (b). ‘Higher Education at the Crossroads: An overview paper’, p. 21.

²⁴ Aboriginal and Torres Strait Islander Commission, op. cit. p. 2

²⁵ ibid.

2.4 Increased cost of living

The rising costs of accommodation, food, utilities, books and equipment are a major contributing factor to the increasing levels of poverty that students are experiencing. The costs of study related materials and other ancillary fees create inequity between students and financial hardship for many because of their upfront nature. The AVCC Study 'Paying Their Way' found that 'there are consistent deficits in students' budgets' and estimated deficits of 42% for full-time students.²⁶

The escalating costs of rental accommodation in cities places a further burden on students attending city-based universities, with rents ranging from around \$75-\$110 a week in inner city areas. Whilst moving to an outer suburb might appear an option, the increased costs of travel and the impacts on time for study/work make it untenable.

The GST on books and equipment has further exacerbated the associated costs of study, placing those students who cannot afford to purchase study related materials at a disadvantage and further squeezing student budgets, budgets that are already in deficit.

2.5 Costs of books and equipment

A survey conducted by MUSU in 2001 highlights the difficulty that many students have in covering the costs of materials and equipment. The survey solicited comments about the issues students felt most strongly about in their university experience, rather than asking them to respond to a prescribed set of questions.

Approximately one in every five complaints related to materials and equipment and most were related to the price of textbooks and readers. Course readers are priced from around

²⁶ AVCC, op. cit. p. 33.

\$10 up to \$30 each, and textbooks average around \$80 each. With a median annual income of \$8,190 it is no surprise that students have considerable difficulty meeting the associated costs of study.²⁷

Comments included:

'My course notes cost more than \$100 a semester'

'Readers are WAY too expensive – it's paper not a textbook'

'Books are expensive'

'Course notes are a heavy financial demand on top of already v. expensive degrees.'²⁸

The AVCC Study found that students pay around 10% of their annual income on course related costs, or on average \$1231 a year, with textbooks making up about a quarter of these costs.²⁹

Some students who participated in the AVCC study, commented that they use University Libraries as an alternative to buying textbooks, but also stated that library holdings were inadequate and that it was difficult to get hold of the books they needed. The study also noted that students who rely on the library for materials face the problem of fines and the extra costs of photocopying.

While there may be slightly cheaper alternatives than purchasing textbooks and course readers, these alternatives often mean large amounts of additional work for poorer students. A report conducted by the National Union of Students (NUS) in 1998 found that 'while students who cannot afford to purchase all course related material are not necessarily prevented from completing a course, they are placed at a disadvantage in comparison to students who can afford the additional expense.'³⁰

²⁷ ibid, Table 2.1, p. 29.

²⁸ Melbourne University Student Union, 2001, 'Student responses to the Alternative Administration: We are the University' Survey'.

²⁹ AVCC, op. cit. pp. 27-38.

³⁰ National Union of Students, 1998, 'Submission to the Inquiry into the Capacity of Public Universities to meet Australia's Higher Education needs'. p. 90.

As well as costs for course related materials, students also encounter other ancillary fees during their time at university. These include charges for printing from a computer on campus, late enrolment, academic transcripts and library fines.

2.6 Childcare

The ability of a parent or guardian to successfully attend university largely relates to their ability to access affordable childcare. Anecdotal evidence suggests that a significant number of people do not enter tertiary education purely due to the costs of childcare being prohibitive. In particular, the cost and availability of childcare forms a significant barrier to women entering higher education.

Free childcare provided by parents and friends is sometimes possible for students who cannot afford childcare:

'As a mother of two young children, I have been lucky in the fact that my mother lives near, and looks after two children while I was attending lectures, tutorials or exams. If I had to pay childcare costs, I would have been unable to study.'³¹

For those who have to utilise childcare services, these costs constitute a significant proportion of their expenditure. These costs are disproportionately borne by women. A single parent receiving either Youth Allowance or Austudy with one child receives \$395.30 a fortnight while a partnered parent receives \$331.30. To receive the full government Childcare Benefit the combined yearly income must be below \$29,857. At the University of Melbourne childcare centres, a full week of childcare costs \$195. For a parent in receipt of the full Childcare Benefit of \$129.00 a week, weekly childcare costs \$66. Even with the Student Rebate, a payment that is funded through the Amenities and Services Fee, a full week of

³¹ AVCC, op. cit., p. 125.

childcare costs \$36. Allowing for the government Childcare Benefit and the Student Rebate, childcare costs can amount to nearly 20% of a student's expenditure per week, a significant amount given the scant nature of student budgets.

Between 1996 and 2000 a total of \$853.9 million has been cut from childcare services.³² Whilst childcare has been partially refunded, and the introduction of the childcare benefit has assisted many families, the effects of the original cuts linger, manifesting in increased costs for services and shorter hours of operation.

In 2001, the University of Melbourne 'Towards a Family Friendly University' Working Group conducted a survey to gauge the demand for occasional childcare on campus.³³ Respondents also commented on other difficulties they face when utilising childcare facilities. Long waiting lists and a general lack of places were some of the key issues that were raised.

Responses included:

'We've been on a waiting list since November last year and have not yet been offered a place.'

'I applied for childcare for my son last year in December but was told there were no positions for his age at Swanston St (my preference). Although I was assured that I would be placed in a queue and notified the minute ANY time slot became available I have not heard from them since.'

'My child already uses the Queensbury St cr che but I have found the hours it is open do not always suit my study and class times (I often have classes between 5.30pm – 8.30pm yet the cr che closes at 6pm).'

³² Liz Humphrys, National Union of Students Women's and Welfare Research Officer, 2001, 'Howard Government and Childcare, 96–00', p. 4.

³³ Melbourne University Towards a Family Friendly University Working Group, 2001, 'Occasional Care Survey Report, October 2001'. Tabled at the University Childcare Committee.

A lack of affordable childcare also impacts upon a student's ability to attend classes and tutorials. This is documented in the AVCC study, 'Paying Their Way'. Students most likely to miss classes because of childcare costs include full-time students between 25 and 34 years, students with lower incomes, women who study part-time, or are in the latter years of their course, students with a disability and indigenous students.³⁴ An inability to access childcare would also obviously impact upon a student's capacity to use the library and computer laboratories and undertake study outside of class times.

Currently, assistance for work related childcare is capped at 50 hours per week. For parents combining work and study, any combination of full-time work, part-time study, commuting and fulfilling assessment requirements, or full-time study, part-time work, commuting and fulfilling assessment requirements amounts to more than 50 hours a week.

Comments from students in the study included:

'Youth Allowance is not sufficient to survive with. I have to work to supplement this and my grades suffer which will affect my chances of postgraduate entry.'³⁵

'It is hard for me to be as committed to my university work as I would like to be. Mainly because I find work commitments a burden, but it is essential for me to work in order to attend school.'³⁶

The nature of paid work varies a great deal. Many students are engaged in permanent part-time or casual employment, but many others work 'under the table' to avoid losing their income support benefits. This 'under the table' work includes activities such as street based sex-work, drug dealing and theft. Whilst it is difficult to ascertain precise numbers of

³⁴ AVCC, op. cit. p. 129.

³⁵ ibid, p. 93.

³⁶ ibid, p. 92.

students engaging in illegal work, anecdotal evidence indicates that the practice is more widespread than expected, and is increasing. MUSU is extremely concerned that poverty is forcing some students into dangerous and precarious work, in areas that are both illegal, unregulated and unprotected, and where they risk exploitation and conviction.

PART 3

STUDENT EMPLOYMENT

This section demonstrates that students as a whole have a significantly lower standard of living than the general population. Many students suffer deprivation in terms of economic needs, personal development and quality of their education. Students are deprived in these areas due to low income levels, increasing engagement in paid employment and the tensions that arise between their study and paid employment commitments. Students have significantly lower standards of living than the general population. Standards of living are examined in this section in relation to employment patterns among students.

As Part Two demonstrated, student income support payments are grossly inadequate and fail to provide for even the most essential needs of students. Students have no choice but to engage in paid employment in order to subsidize their below-the-poverty line Centrelink payments. This is supported by evidence of a 25% increase in the rate of student participation in paid employment over the past two decades.³⁷

The increasing participation rate in paid employment amongst students has been of concern to student organisations for some time. MUSU believes there are benefits to students participating in the workforce whilst engaging in study, such as gaining practical experience in the field and the opportunity to establish networks, but we are concerned that students are working excessive hours and this leaves them with little time for study or social activities. Contrary to the belief of some, that students work to maintain a lifestyle of eating out and designer clothes, we believe that the inadequacy of income support payments, and the strict criteria that make many ineligible to receive them, are the reasons students engage in paid work.

³⁷ ibid, p. 94

Numerous studies have documented this trend.³⁸ The AVCC study found that seven in every ten students are in paid employment during the semester and that on average, students are working 14.5 hours a week.³⁹ The study also found that, of those in paid employment, 'one in ten frequently misses classes due to work commitments' and that 'work adversely affects study a great deal for two in every ten' of students in paid employment.⁴⁰ This obviously impacts on the ability of students to get the most out of their studies.

Employment patterns of students are to a large extent dictated by Centrelink's income assessment regulations, which limit students' income to \$118 per week⁴¹ and harshly penalize students for earning any amount over this figure. Student payments are reduced drastically, firstly by 50 cents in every dollar earned between \$118 and \$158 per week and then by 70 cents in every dollar earned over \$158 per week. This system of institutionalized penalty is set at an even higher rate than the current taxation rate for the wealthiest elite in Australian society!⁴² Students are thus forced to tread a fine line between working enough hours to supplement their meager Centrelink payments and limiting their income levels to avoid incurring penalty rates for earning over \$118 per week. This places many students in a difficult situation of finding a job that offers reasonable working hours and pay to fit around their study and coursework commitments.

The difficulty of finding a suitable job is exacerbated by the current economic market trends, in particular, high youth unemployment levels and increasing competition in the labour force. Ironically, high levels of youth unemployment are one of the main reasons behind the Government's concerted efforts to persuade young people to remain in education for longer.⁴³

³⁸ AVCC, op. cit., Bessant, op. cit. C. McInnis et al, 2000, 'Trends in the First Year Experience in Australian Universities', Centre for the Study of Higher Education, The University of Melbourne.

³⁹ AVCC, op. cit. p 2

⁴⁰ ibid,

⁴¹ Centrelink 2003, 'Payments while you are studying or training', available from: wwwcentrelink.gov.au.

⁴² The maximum taxation rate is approximately 60 cents per every dollar earned at an annual income of \$60,000. This rate reduces as incomes increase over \$60,000. Australian Taxation Office 2003, 'Individual Income Tax Rates', available from: www.ato.gov.au.

⁴³ Bessant, op. cit. p. 3.

It is difficult for young people to successfully compete in the labour market, which places increasing demands on higher education and better qualification skills. Tertiary students consist predominantly of young people (18-24 years) who for the most part are completing their first post-secondary qualification.⁴⁴ Due to a strong correlation between tertiary qualification and income levels,⁴⁵ students are unlikely to be employed in positions that are well paid and flexible. Consequently, students tend to occupy casual, low-paid positions.

Approximately half of all students in paid employment are in casual employment.⁴⁶ Casual employment offers students the flexibility to fulfill their coursework and study requirements. At the same time, casual employment also means that many students don't have a permanent and ongoing employment contract and are not entitled to employment benefits such as sick leave and holiday leave.⁴⁷ Casual employment is an essentially unstable and unreliable source of income. Students often feel pressured to work extra hours during times of demand to compensate for the lack of employment benefits and the general lack of employment security. Recent studies reveal that on average students work 14.7 hours per week. However, approximately one in five students works in excess of 20 hours per week.⁴⁸

Nevertheless, extensive working hours do not necessarily translate into high-income levels for students. Firstly, students' incomes are diminished by the harsh penalty rates applied by Centrelink, as outlined above. Secondly, students tend to occupy low-paid positions. This second trend is also related to the high concentration of students in casual employment. The majority of casual positions are located in lowly paid industries, such as the retail industry and the accommodation, cafes and restaurants industry.⁴⁹

⁴⁴ AVCC, op. cit. p. 14.

⁴⁵ Australian Bureau of Statistics 2003, 'Australian Social Trends 1999 - Education & Work: Educating and training Australia's workers', available from: www.abs.gov.au.

⁴⁶ AVCC, op. cit. p. 91

⁴⁷ Australian Bureau of Statistics 2003, 'Labour Force Australia, Special Article – Casual Employment July 1999', available from: www.abs.gov.au

⁴⁸ Craig McLennan and Robyn Hartley, 2002, 'Managing Study and Work: the impact of full time study and paid work on the undergraduate experience in Australian Universities', Canberra: Commonwealth Department of Education, Science and Training. p. 17.

⁴⁹ Australian Bureau of Statistics 2003, 'Employee Earnings and Hours, Australia, Preliminary, May 2002', available from: www.abs.gov.au.

Casual jobs located in other, generally better-remunerated industries are mostly situated at junior levels, which do not require advanced qualifications and consequently are not well rewarded financially.⁵⁰ The high concentration of students in low-paid jobs is highlighted by the statistics on students' earnings, which show that over 60% of students earn less than \$15 per hour, with an alarming 10% of students earning \$5 or less per hour and only 8% of students earning more than \$26 per hour.⁵¹

Overall, students have a significantly lower annual income level in comparison to the general Australian population. In 2000, the mean annual income for students was \$12,513. This amount is the total sum of all sources of income, including paid employment, student income support payments, other Centrelink support payments (for example Family Allowance) and other forms of regular and irregular allowances (for example allowance from parents).⁵² This was approximately a third of the average Australian income of \$33,800 in 2000.⁵³

However, the total annual income for students is even lower when considered in terms of a median rather than a mean annual income level. Most students earned approximately \$8,190 per annum in 2000. The average rather than the most common annual income level for students was increased due to the significantly higher annual income of part-time students who were likely to engage in full-time paid employment.⁵⁴ Consequently, most students received only \$157 per week in 2000.

⁵⁰ Australian Bureau of Statistics 2003, 'Labour Force Australia, Special Article – Casual Employment July 1999', op. cit.

⁵¹ McInnis and Hartley, op. cit. p. 28.

⁵² AVCC, op. cit. p. 23.

⁵³ Australian Bureau of Statistics 2003, 'Average Weekly Earnings, Australia, November 2000, available from: www.abs.gov.au.

⁵⁴ AVCC, op. cit. p. 91.

PART 4

EFFECTS OF STUDENT POVERTY

The statistics on the high concentration of students in casual, low-paid jobs and inadequacy of student support income payments highlight the fact that many students suffer deprivation in terms of economic needs, personal development and quality of education.

The rising cost of accommodation, food and utilities mean that an increasing number of students are unable to fulfill their basic economic needs. Many students are struggling to pay their rent, particularly in the larger cities such as Melbourne and Sydney where rent can account for up to two thirds of a student's income.⁵⁵ Anecdotal evidence also suggests that some students are skipping meals or not eating adequately.⁵⁶ Many students are also unable to afford basic consumer goods and services such as clothes and various forms of entertainment. Students as a general rule feel pressured to obtain material goods and participate in the youth culture that is strongly related to the entertainment industry.

The combination of high living costs that include basic economic needs as well as entertainment have led many students to obtain personal loans and fall into debt. Student support services are reporting an increasing student demand on loans. Over 10% of all students obtained an average loan of \$3,943 in 2000.⁵⁷ This debt is additional to the debt of HECS fees incurred by the majority of students. The high and increasing levels of student debt are alarming indicators of the financial hardships faced by students. The vast majority of students face a massive combined personal and HECS debt by the time they complete their tertiary education. This has potentially severe repercussions not only for students but society

⁵⁵ Janice Newton and Sue Turale, 2000, 'Student Poverty at the University of Ballarat', Australian Journal of Social Issues, Vol. 35, No. 2. p. 2.

⁵⁶ ibid, p. 5.

⁵⁷ AVCC, op. cit. p. 50.

as a whole as highlighted in recent research by the Council of Australian Postgraduate Associations.⁵⁸

Low levels of income and indebtedness can have serious consequences for the personal well-being of students. Many students are at risk of developing low self-esteem due to their lack of financial means and inability to fully participate in social activities. The majority of students attend university during a key formative phase in their lives when they develop their identity and establish their place in society. Social interaction and participation in group activities are important elements in identity formation. Inability to participate in social activities due to limited income levels can lead students to feel excluded and alienated from society.

Feelings of exclusion and alienation are likely to be compounded by the decreasing amount of personal time available to students. Students experience competing demands on their time due to high levels of study and paid employment commitments. This leaves students with a limited time for socializing and developing interests that are unrelated to their coursework or employment. In extreme cases, feelings of alienation and exclusion can lead to depression and perhaps even suicide.

In most cases competing time demands are likely to negatively impact on the mental and physical well-being of students. Competing study and work demands are a major source of stress for students. Many students worry about meeting coursework deadlines and working enough shifts to cover their living expenses. Students often deprive themselves of sleep in order to meet their conflicting time demands. Stress and lack of sleep have a significant impact on the mental and physical well-being of students. Stress and lack of sleep are likely to translate into conflict and bear a negative impact on students' personal relationships. High stress levels also tend to have adverse effects on the physical well-being of students however, students are unlikely to seek medical treatment, which in many instances they

⁵⁸ Council of Australian Postgraduate Associations, 2003, 'The social and economic impact of student debt', available from: www.capa.edu.au/briefing/impact_of_student_debt.doc

simply cannot afford.⁵⁹ Many students suffer depravity in terms of their physical and mental well-being.

Students' health condition can seriously undermine their academic performance. Stress and fatigue in particular reduce students' concentration levels and minimize students' productivity. In addition, extended working hours often encroach on students' study time. A significant number of students miss lectures and tutorials due to employment commitments.⁶⁰ Students also struggle to submit assessments on time and often suffer mark penalties for missing assessment deadlines.

Students' overall academic performance suffers as a result of insufficient preparation and private study time resulting from extended hours of paid employment and health concerns. The lowering standards of education are a cause for concern by students as well as the general Australian population. Reduced quality of education can have seriously detrimental effects to Australia's ability to compete in the global market that is increasingly distinguished by a highly skilled and educated labour force.

High quality education does not simply serve the interests of individuals. It is in Australia's national interest to ensure that high standards of education are raised and maintained. The current standard of living among the general student population is not conducive to the maximization of the quality of education in Australia.

Students are prevented from maximizing their education levels due to financial and time pressures. Time pressures are a direct consequence of the increasing levels of student participation in paid employment. Paid employment is a necessity for the majority of students who are unable to survive on their grossly inadequate Centrelink support payments. This combination of financial and time pressures deprives students of economic means, personal

⁵⁹ Turale, op. cit. p. 5.

⁶⁰ AVCC, op. cit. p. 91.

development and ultimately the quality of their education. These are serious issues. They require immediate action. The prevalent lack of social concern for the welfare of students must be altered. Centrelink income support payments for students must be raised. Continued failure to address issues of student poverty will bear significant repercussions for Australia's national development.

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