

Chapter 2

Student income support: An overview

There is little doubt that the current arrangements sometimes target ineffectually, basically because there is relatively little sensitivity shown to the varied financial needs and circumstances of the potential clientele. The essential challenge for reform is to improve the targeting so as to ensure that the right amount of assistance is delivered to those who most need it.¹

2.1 A review of basic principles underpinning the Austudy scheme in 1992 by Professor Bruce Chapman, which was commissioned by the then Department of Education and Training (DEET), addressed a perceived lack of policy focus and direction in the area of student income support.² The report noted that government support for students has existed in one form or another for many decades. Teacher scholarships provided by state governments from the 1950s were gradually phased out when the Commonwealth Government introduced the Tertiary Education Assistance Scheme (TEAS) in 1974. This scheme and a number of related educational allowances were combined in 1983 to form Austudy.³ The most recent change to the income support system of relevance to this inquiry was the introduction of the Youth Allowance scheme in July 1998.

2.2 While the objectives of the various income support schemes have changed over time, all of the programs, including the most recent changes in 1998, have included as part of their rationale the notion that specific assistance is required for full-time students from disadvantaged backgrounds. However, the review of Austudy by Chapman found that financial assistance to higher education students could have been better targeted. The remainder of this chapter considers the main features of the current income support measures, and discusses a range of policy issues which have been raised in evidence to this inquiry. The issues relate to the collection and analysis of official data on the effectiveness of income support payments, Centrelink's service delivery and customer relations, and the extent to which current income support measures encourage access to higher education, especially for students from disadvantaged backgrounds and indigenous students.

Student income support schemes

2.3 The current income support system consists of a number of distinct programs with specific eligibility criteria directed at particular groups in the community.

1 Bruce Chapman, *Austudy: Towards a More Flexible Approach. An Options Paper*, A report commissioned by the Department of Employment, Education and Training, April 1992, p.viii

2 *ibid.*

3 *ibid.*, pp.33-51

According to the submission from the Department of Family and Community Services (FaCS), income support for students:

...is intended to encourage young people themselves and their families to help young people stay in education and training and to enable people in older age groups to return to study. Assistance is targeted primarily towards young people from low-income backgrounds undertaking post-compulsory schooling and tertiary study.⁴

2.4 The focus of this inquiry is the major support programs – Youth Allowance, Austudy and ABSTUDY – and issues surrounding the eligibility criteria which relate to the age of independence, income test thresholds and whether the schemes provide Rent Assistance. The committee notes that income support payments are also made under a number of other supplementary study-related schemes for people receiving benefits such as the Newstart Allowance and the Parenting Payment and Disability Support Pension. These schemes include the Education Entry Payment and the Pensioner Education Supplement and Mobility Allowance.⁵

Youth Allowance

2.5 The Youth Allowance payment, which was introduced from 1 July 1998, replaced the Youth Training Allowance, Newstart and Sickness Allowance for under 21 year olds, the existing Austudy payment for under 25 year olds, and the higher rate of Family Allowance for secondary students. According to FaCS, Youth Allowance was introduced to remove disincentives for unemployed people to participate in full-time study or training and recognise the diversity of school to work pathways. Several measures were introduced to achieve this aim: young people less than 18 years had to be in full-time education or training, and Rent Assistance became available to eligible students. Other measures included an 'income bank' for full-time students, the extension of parental means testing to 18 to 20 year-old job seekers and changes to eligibility criteria to broaden the coverage of payment among students.⁶

2.6 The core objectives of Youth Allowance, as described in the FaCS submission, are to:

- ensure that eligible young people receive income while studying, looking for, or preparing for, paid employment;
- encourage young people to choose further education or training over job search if they do not have sufficient skills to obtain long-term employment; and

4 *ibid.*, p.8

5 *ibid.*

6 Michael Long and Martin Hayden, *Paying Their Way: A Survey of Australian Undergraduate University Student Finances, 2000*, Australian Vice-Chancellors' Committee, October 2001, p.33

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- encourage young people to undertake a range of activities that will promote entry into employment.⁷

2.7 While recipients of Youth Allowance must meet residency and activity test requirements, it is the parental means test which has the largest bearing on who is eligible and the rates of payment. The parental means test, of which details are included in the FaCS submission, consists of three elements: the family assets test which has a current value limit set at \$502,750, the combined parental income test threshold which is currently set at \$28,850 and the family actual means test (FAMT), which relates to family spending and savings. The parental income test threshold is indexed each January in line with the CPI. The rate of Youth Allowance payable is reduced by 25 cents for every dollar over the threshold. Centrelink figures on the current rates of pay for Youth Allowance, Austudy and ABSTUDY and information about the eligibility criteria are reproduced at Appendix 4.

2.8 The criteria for determining independence and dependence are fundamental to understanding the Youth Allowance scheme. Briefly, Youth Allowance recipients may be assessed as independent of, or dependent on, their parents. If a student is assessed as dependent, the parents' income and assets are considered in determining eligibility. The presumption is that parents with sufficient resources will provide financial and material support to their young children while they are undertaking study. According to FaCS, this is consistent with government and community expectations. The committee notes that while it may seem fair to assume that parents will support their children at university in line with community expectations, many families, especially from remote and regional areas, cannot do so. This issue was raised in a number of submissions to this inquiry. A common theme was that the Government is out of touch with the financial and social circumstances facing many low to middle income families.

2.9 Parental means testing does not apply if the person who is applying for Youth Allowance is assessed as independent. While independence for Youth Allowance purposes can be obtained in any number of way (and the FaCS submission includes a long list of criteria), it is the age at which a person is considered independent which has generated the most interest in the written submissions. The age of independence is currently set at 25 years. The committee notes that during the mid-1990s it was reduced from 25 to 21 years, only to be increased again to 25 years in 1997.⁸ The committee notes that the age of independence was examined carefully by the Senate inquiry into Austudy in 1995, when the age of independence was 22 years. The report of that inquiry recommended that a detailed analysis of the costs and benefits associated with a reduction from 22 to 21 years be undertaken. There is no evidence that an analysis of this kind has ever been undertaken by the Government. Concerns about the effect of the current age of independence are examined in more detail in chapter 3.

7 Department of Family and Community Services, *Submission 110*, p.9

8 Student Financial Advisers Network, *Submission 116*, p.11

2.10 There are specific workforce participation criteria which young people can use to establish financial independence from their parents. To be assessed as independent under these criteria, a young person must have:

- worked full-time for 30 hours a week for at least 18 months in a two year period since leaving school;
- worked part-time for at least 15 hours a week for at least two years since leaving school; or
- earned an amount equivalent to 75 per cent of the Commonwealth Training Award Rate in an 18 month period since leaving school.⁹

2.11 According to the FaCS submission, the 18 months of part-time work 'is a sufficiently long period to demonstrate that a young person has established and sustained their financial independence from their parents'.¹⁰ However, like the age of independence, the committee notes that many submissions expressed serious reservations about the stringent nature of the workforce participation requirements, which are examined in the following chapter.

Austudy and ABSTUDY

2.12 While Youth Allowance is designed principally for young people under the age of 25, Austudy is a separate income-support program for students who commence full-time studies or training when they are 25 years or older. Austudy recipients are considered independent of their parents. Only their income and assets (and the income and assets of their partner) are considered in determining eligibility.¹¹ While the introduction of Youth Allowance in 1998 created parallel schemes for students, each with slightly different rules and degrees of flexibility, it resulted only in minimal change for full time students. The most important change was the addition of Rent Assistance for recipients of Youth Allowance. Austudy is the only income support scheme that does not attract Rent Assistance.¹²

2.13 The ABSTUDY program is similar to Youth Allowance and Austudy, except that it is designed specifically for indigenous students who want to stay at secondary school or go on to further studies.¹³ As with Youth Allowance and Austudy, eligibility

9 Department of Family and Community Services, *Submission 110*, p.18

10 *ibid.*

11 Michael Long and Martin Hayden, *Paying Their Way: A Survey of Australian Undergraduate University Student Finances, 2000*, Australian Vice-Chancellors' Committee, October 2001, p.33

12 Department of Family and Community Services, *Submission 110*, p.21. Recipients of Austudy with dependent children may qualify for Rent Assistance with their Family Tax Benefit. Where an Austudy recipient has a partner in receipt of an income support payment which includes Rent Assistance, the partner may receive the full partnered rate of Rent Assistance.

13 Department of Education, Science and Training, *Submission 124*, p.3

is subject to income and asset tests for either parent or the student.¹⁴ The level of income support payable under ABSTUDY is determined by the age of the student, whether the student has approval to live away from home and the level of income the student, their parents or partner receives. The maximum rates payable under ABSTUDY are aligned with those payable under the Youth Allowance scheme for students up to the age of 21 years.

2.14 Before the Government introduced major changes to ABSTUDY in 2000, it was widely acknowledged that it provided indigenous students with some financial advantages compared with recipients of other income support payments. Indigenous students received additional allowances for essential course costs and for travel costs in situations where students had to move location in order to attend university. Policy changes which took effect from 1 January 2000 further aligned ABSTUDY with the operations of Youth Allowance and Austudy and, according to evidence from the National Tertiary Education Union (NTEU), further lowered the level of income received by the majority of indigenous students.¹⁵ The NTEU expressed the view that changes introduced in 2000, particularly to the Away From Base Component, amounted to a major restructure which cut back the components that were designed to make the scheme culturally and economically relevant to indigenous students.¹⁶ The committee examines these changes and their impact on indigenous participation and access to higher education in chapter 3.

Policy neglect

2.15 There is an underlying concern in evidence that income support for students has suffered from policy neglect and bureaucratic inertia since the early 1990s, if not before. The committee is concerned that there has not been a government initiated review of the entire income support system since Professor Chapman's study in 1992. The Chapman review followed the report of a House of Representatives inquiry into student financial assistance in 1991 (the Price Report). That report made a number of recommendations, including that there be a systematic review of Austudy. Since then, certain issues relating to income support for students have been examined by the Senate's education references committee.¹⁷ The 1995 report of the inquiry into the administration of Austudy examined difficulties with the administration of the scheme and possible changes to improve the delivery of payments to students. The report's findings and recommendations were ignored by government.

14 *ibid.*, p.34

15 National Tertiary Education Union, *Submission 129*, p.3

16 *ibid.*

17 Senate Employment, Education and Training References Committee, *Report on the Inquiry into Austudy*, June 1995; Senate Employment, Workplace Relations, Small Business and Education References Committee, *Universities in Crisis: Report into the capacity of public universities to meet Australia's higher education needs*, September 2001, pp.282-88

2.16 The study completed in 2001 under the auspices of the Australian Vice Chancellors' Committee (AVCC), *Paying Their Way*, is another example of a report that has been ignored. Dr Ian Dobson, a Research Fellow at the Centre for Population and Urban Research at Monash University, pointed out that publication of the AVCC's study was an appropriate time for the Government to commission a large study to examine how the student experience has changed and how income support measures could be brought into line with the financial needs of students. The Government, however, not only ignored the AVCC's report but also a number of research publications from the Centre for Population and Urban Research. Dr Birrell observed that the Government has been reluctant to revisit the income support system in the light of new evidence: 'Every time we have put out statistics on this they have been grabbed and pushed into the front line of debate but that has never been sustained'.¹⁸

2.17 The committee believes that student income support policy has not changed substantially over the past five years. One submission noted that although the income support system has developed over time in response to changes in Australian society, some of the main income support issues facing young people have not been addressed by the Government. Incremental policy change since the mid 1980s has not increased students' access to a living income. The Youth Affairs Council of Victoria argued:

Young people and their advocates are raising many of the same issues today as they did two decades ago. Over the years, young people have repeatedly voiced concerns about the level of income they receive and the subsequent poverty they experience, the degree to which they are eligible to receive income support and the complexity of the system.¹⁹

2.18 The committee sought the views of witnesses in an effort to understand why current policy on student income support is so out of step with the financial circumstances of students. Dr Birrell suggested that in the current political climate, with its prevailing 'user-pays' mentality, students in universities are viewed as beneficiaries of government subsidies who eventually make substantial financial gains from this public investment through high income earning careers.²⁰ It was also suggested that the information required to highlight the deficiencies of the current system in a convincing way has not been made publicly available. The committee does not believe that the lack of information is a sound reason for government inaction. Anecdotal and empirical evidence on the state of student finances has been available for a number of years.

2.19 The committee notes that the students who appeared before it spoke positively and passionately about how adequate income support for students is arguably the most intelligent investment a government can make in the future of Australia. The committee fully supports the view of one witness that the education that students gain

18 Dr Bob Birrell, *Committee Hansard*, 26 April 2005, p.17

19 Youth Affairs Council of Victoria, *Submission 67*, p.2

20 *ibid.*

should be 'beneficial, dynamic, engaging and really positive and vibrant for society'.²¹ To realise this ideal would require a radical shift in the government's thinking. The higher education system would need to be seen not as a financial burden to be minimised by the government through relentless cost-shifting. Instead, it would need to be seen as 'an investment in...citizens and in society economically, culturally and socially. Education, full stop is an investment. It is an investment that the government and society make in their people'.²²

2.20 The committee notes in particular the view of the Australian National University Students' Association, that the financial plight of students is a direct consequence of the government having shifted the cost of higher education directly on to students and their families without any commensurate or proportional increase in income support. Mr Max Jeganathan made the valid point that the education of students:

...should not be considered a cost and a burden that governments are trying to shrug off or minimise their liability over...It is not about cost-efficiency; it is about making a real commitment financially and morally to a group of people that are very important to the future of the country in all respects. I think that is what has been forgotten.²³

2.21 The submission from FaCS does not provide a detailed policy rationale for the various income support measures, or a defence of the system's various anomalies. The committee is surprised by this because of the significant financial outlays for student income support which the department administered. During 2003-04, for example, the Government provided approximately \$2.3 billion through Youth Allowance, \$259 million through Austudy and \$168 million under the ABSTUDY scheme.²⁴ In addressing the issue of equitable access to education, FaCS referred only to a Youth Allowance Evaluation Report of 2002 which apparently provides a glowing assessment of that program's effectiveness in encouraging more young people to stay in education and training. The FaCS submission claimed that the flexibility built into Youth Allowance, which enables people to qualify for financial assistance while undertaking a range of activities, '...allows any barriers to participation that the young person may have to be addressed prior to participation in the employment market or further education or training'.²⁵ As will become clear later in the report, these claims have been seriously challenged by independent research on the effectiveness of Youth Allowance and by the overwhelming majority of submissions to this inquiry.

21 Mr Max Jeganathan, Australian National University Students' Association, *Committee Hansard*, 13 May 2005, p.21

22 *ibid.*

23 Mr Max Jeganathan, Australian National University Students' Association, *Committee Hansard*, 13 May 2005, p.21

24 Ms Jessie Borthwick, Department of Education, Science and Training, *Committee Hansard*, 13 May 2005, p.45

25 Department of Family and Community Services, *Submission 110*, p.37

2.22 The committee notes that a number of witnesses supported the view that a comprehensive assessment of the effectiveness of the income support system is long overdue, and should be conducted on a more regular basis and at arms length from government. The National Union of Students (NUS) cautioned against the 'grand review' of income support every twenty or so years, which is an ineffective way for governments to approach this issue. It argued for a review of income programs approximately every three years by an expert body, with findings to be made available for public and parliamentary scrutiny. The committee believes that such a review is necessary because the current living and financial conditions of students is dynamic and fluid, and government policies are clearly having an impact on students.

Recommendation 1

The committee recommends that the Government commission an independent expert panel to review the performance and effectiveness of the student income support system. Such a review should include public consultation and any reports and findings should be tabled in the Parliament. The committee recommends that the panel include a nominee from each of the key stakeholder groups.

Why student poverty is missing from the policy agenda

2.23 The committee believes that one of the main consequences of policy neglect of student income support is that the financial plight of students and the incidence of student poverty have not registered as significant policy issues. Although this was referred to briefly at the Melbourne public hearing, the committee believes the Government should pay closer attention to the issue of student poverty and its underlying causes. Part of the problem is that student poverty is poorly understood and insufficiently researched, which means that little is known about how students complete their university studies while struggling financially. According to Professor Judith Bessant, while there is a considerable body of academic research on the socio-economic status of students when they enter university, their financial profile after the commencement of study has been largely ignored by researchers and policy makers.²⁶

2.24 The committee believes that raising awareness of student financial hardship is an important step towards removing barriers to future reform of the income support system. It also accepts that raising community awareness of student poverty faces many practical and political hurdles. Professor Watts, RMIT University, argued at a public hearing that students occupy at best a 'discursive space' in media reports when they engage in protests or similar activities. It was Professor Watt's firm belief that students are rendered invisible to policy makers because of negative stereotyping:

[The system] encourages the kinds of things that you see perpetuated in public discourse—what you can call negative stereotyping of this or that recipient group. Students are just one of a number of groups that—to use

26 Judith Bessant, *Student Poverty and the Enterprise University*, unpublished paper, 2001

the vernacular—get it in the neck because they are defined as deviant, problematic, troublemakers or outside the mainstream.²⁷

2.25 The issue has been examined in detail by Professor Bessant who examined how narratives about university students within the policy making community and the community more generally prevent the issue of student poverty from being taken seriously as a policy issue. Bessant isolated four factors which explain why student poverty is not included on the national policy agenda:

- The comparatively low social and political status of students gives them minimal political clout. University is a relatively short-lived and transitional experience for students which has practical implications for collective action as well as the political effectiveness of student groups;
- students experiencing financial hardship do not have the victim status that is assigned to other youth issues like suicide or homelessness; thus, as non-victims, public sympathy cannot be solicited and pity or compassion mobilised to assert influence;
- student poverty is not generally seen to constitute an immediate social threat that warrants a corrective policy response in the same way that other youth issues like substance abuse or juvenile crime do; and
- students are often referred to as a privileged group, in receipt of a valuable university degree which will stand them in good stead for life-long earnings and employment security. This characterisation not only works against students in terms of public sympathy and support in respect of financial hardship, it also perpetuates a prejudice that can be easily mobilised with the effect of increasing costs to students.²⁸

Data collection and analysis

2.26 The committee believes that the main barrier to any review of the adequacy and effectiveness of the income support system is the absence of disaggregated data required for a proper assessment of income support programs. Dr Bob Birrell and Dr Ian Dobson have published a series of articles on Youth Allowance in which they address whether the introduction of the Youth Allowance payment in 1998 has improved access to higher education for young people from low socio-economic backgrounds. The authors have voiced their concern that the data necessary to undertake a full assessment of the impact of the system for student financial assistance is not available in the public domain, and has not been analysed or disaggregated by FaCS or Centrelink.

27 Professor Robert Watts, *Committee Hansard*, 26 April 2005, p.75

28 Judith Bessant, 'The problem of Poverty Amongst Tertiary Students: Why it is Missing from the Policy Agenda', *Melbourne Studies in Education*, vol.44, No.2, 2003, pp.79-85

2.27 The submission from Dr Dobson, which includes the most recent and reliable published data on the Youth Allowance scheme, highlights the limited range of data which Centrelink provides for public scrutiny. It argues that three particular categories of data are needed to carry out an informed assessment of the effectiveness of the Youth Allowance scheme: the number of school, TAFE and university recipients of Youth Allowance, disaggregated; the proportion of recipients receiving less than the full amount of the Youth Allowance; and the number of students receiving Youth Allowance who were assessed as either dependent or independent.²⁹

Recommendation 2

The committee recommends that the Department of Education, Science and Training and Centrelink coordinate the collection of data on income support measures and that disaggregated data on student income support payments be made publicly available.

2.28 The committee was encouraged by the positive attitude conveyed by officers from DEST towards the income support system, which moved from FaCS to DEST in October 2004. Ms Jessie Borthwick, Group Manager, Strategic Analysis and Evaluation Group, told the committee that the administrative change meant that the department had an opportunity to look afresh at income support for students in relation to other educational and training policies and the effects of income support measures on students.³⁰ The committee has reason to believe that with responsibility for student income support returning to DEST, a range of data may now become available through annual reporting, something which FaCS apparently had stopped doing. Mr Hastings, NUS, told the committee it was likely that DEST would eventually report annually on issues such as students who do not receive any student income support, students withdrawing from university because of inadequate financial support, and students who defer because of concerns about lack of funding and resources.³¹

2.29 On the issue of students withdrawing from university as a result of inadequate financial support, the AVVC indicated to the committee that it had been approached by DEST regarding a survey of drop-out rates for students which was being undertaken by the department. Ms Borthwick advised the committee that the survey, for which a steering committee consisting of the AVCC, universities and DEST had been formed, was triggered by discussions between the department and the education minister. The survey would look especially at the attrition rates for first-year students, the group that is most likely to drop out of university.³² While the survey apparently

29 Dr Ian Dobson, *Submission 137*, p.2

30 Ms Jessie Borthwick, Department of Education, Science and Training, *Committee Hansard*, 13 May 2005, p.44

31 Mr Graham Hastings, National Union of Students, *Committee Hansard*, 26 April 2005, p.24

32 Ms Jessie Borthwick, Department of Education, Science and Training, *Committee Hansard*, 13 May 2005, p.48

will canvass a wide range of issues, the committee expects that DEST will include in the survey a question or questions relating to income support.

Recommendation 3

The committee recommends that the Department of Education, Science and Training include in its exit survey of students a question about the level of income support and whether it was a factor in students withdrawing from university.

Program efficiency versus policy effectiveness

2.30 The committee is concerned by evidence from the Student Financial Advisers Network (SFAN) that over the past decade FaCS and Centrelink have been far more concerned with demonstrating administrative efficiency and improving client-customer service than monitoring and investigating the effectiveness of the income support schemes.³³ This issue was raised with the committee on a number of occasions at public hearings, and has apparently been an issue of concern for a number of years. The RMIT Student Union argued that over the last ten years, the focus of student income support administration has shifted from providing adequate assistance to enable students to meet their financial needs, to demonstrating efficiency of throughput and client/customer service.³⁴ Under a heading entitled 'The Efficient Delivery of Nothing', the RMIT Student Union submission concluded: 'While Centrelink is more efficient, the question arises: efficient at what?'³⁵

2.31 These concerns are consistent with the findings of the Price Report which concluded in 1991 that DEET's performance indicators emphasised processing efficiency rather than program effectiveness. The report found that income support programs had never been properly evaluated and that billions of dollars had been spent on programs for which the success or otherwise had never been assessed. The committee believes that nothing substantially has changed over the past decade.

Recommendation 4

The committee recommends that the Department of Education, Science and Training develop clear policy objectives and performance indicators for the student income support system, and that Youth Allowance, Austudy and ABSTUDY be assessed against these annually. The committee recommends that the results of these assessments be reported in the Department's annual report on Higher Education.

33 Student Financial Advisers Network, *Submission 116*, p.2

34 RMIT Student Union, *Submission 78*, p.14

35 *ibid.*

Service delivery issues

2.32 A number of student associations and student unions raised concerns about the quality of service provided by Centrelink and other shortcomings with its administration of the income support system. The committee notes that problems with the delivery of income support payments were raised during previous parliamentary inquiries, relating to the quality of advice provided by Centrelink, delays with processing applications and Centrelink's ineffective communication about rights and responsibilities. It was found that students in breach of Centrelink's administrative requirements faced a reduction in their payment without first being notified.³⁶ Recommendations were made that students should receive balanced, customer-oriented advice commensurate with departmental obligations of duty of care, and that adequate publicity and information packages should be made available to enable students to make informed decisions before applying for financial assistance.³⁷

2.33 A number of issues raised in evidence during this inquiry suggested that service delivery remains a major area of concern for students and parents, and that problems have not been addressed by the Government. There is evidence of a lack of adequate and consistent information flowing to students and parents from Centrelink, especially to prospective students from rural and regional areas:

At present the information flow from Centrelink to students is almost non-existent. As a result, students who are Centrelink's customers are unlikely to have any idea of their eligibility for benefits or any of the other entitlements that are available to them...

Centrelink has argued that much of its information is 'on line'. As professionals dealing on a day to day basis with students...SFAN staff are clearly aware of the inadequacy of providing information in this format to students.³⁸

2.34 Centrelink's plain English, reader-friendly and comprehensive guide to Austudy has not been updated since 1998. According to SFAN, the current sixteen page guide to Youth Allowance gives minimal information to students, and is an inadequate tool for student advisers. Centrelink's current application form, at thirty-six pages, is more voluminous and complicated than the tax form put out by the Tax Office.³⁹ Frustration over the lack of adequate and accessible information from Centrelink has forced SFAN to produce an internet based 'money guide', which is a comprehensive explanation of Youth Allowance and Austudy, including how best to deal with Centrelink staff.

36 *ibid.*, p.52

37 Senate Employment, Education and Training References Committee, *Report on the Inquiry into Austudy*, June 1995, recommendation 15, p.x

38 Student Financial Advisers Network, *Submission 116*, p.12

39 *ibid.*

2.35 The President of the Students' Association of the University of Adelaide, Mr David Pearson, told the committee of the frustration which many students experience with the amount of paperwork involved in applying to Centrelink for income support benefits, and the financial penalties incurred by students when Centrelink's administrative process breaks down:

...a problem that many students have is that when they [fax Centrelink] the vast majority of students who walk through our doors screaming, it is not about, 'Look at my HECS debt. It's so huge', it is: 'I've been on the phone to Centrelink for two hours and I still don't understand what they're talking about...I am always telling them to go and see the welfare officers who used to work for Centrelink. But they are continually stuffing things up. They lose the forms that you have to send in every week and, if they lose it, they will cut your payment and they will not even tell you.'⁴⁰

2.36 The National Tertiary Education Union (NTEU) voiced its concern about the service delivery aspects of ABSTUDY, noting that the program's restructure in 2003 resulted in a nation-wide reduction of ABSTUDY centres responsible for processing claims from fourteen to four areas sites – North Australia, Central and North Queensland, West New South Wales and Western Australia.⁴¹ It is NTEU's belief that the rationalisation 'has significantly diminished the capability of the administration of ABSTUDY to take into consideration the specific cultural and socioeconomic sensitivities relative to indigenous students' applications'.⁴² The NTEU's submission noted that a number of service delivery issues which were identified during the committee's 2001 inquiry into Australia's higher education needs, continue to create difficulties for students and prospective students. These include lengthy delays in processing applications, lost correspondence resulting in further delays, and reports of Centrelink staff deferring to the expertise of Aboriginal staff, resulting in issues not being addressed if Aboriginal staff are not available.⁴³

2.37 The committee accepts the NTEU's assessment that problems which continue to affect the service delivery of ABSTUDY will not be addressed satisfactorily until ABSTUDY is structured as a specialised indigenous support scheme administered and implemented by dedicated Centrelink officers who are prepared to communicate directly with indigenous students.⁴⁴ This, however, would require a shift in government thinking and a change in policy from 'mainstreaming' indigenous education services to accepting that indigenous students often require specialised advice provided by suitably qualified and trained indigenous staff.

40 Mr David Pearson, Students' Association of the University of Adelaide, *Committee Hansard*, 28 April 2005, p.26

41 Mrs Michelle Cornish, Centrelink, *Committee Hansard*, 13 May 2005, p.58

42 Mr Joel Wright, National Tertiary Education Union, *Committee Hansard*, 26 April 2005, p.58

43 NTEU, *Submission 129*, p.12

44 *ibid.*

2.38 The committee is concerned by reports that Centrelink has advised some full-time students to apply for the Newstart payment instead of Youth Allowance, which provides access to a higher level of pay as well as Rent Assistance, and that some students have had their benefits cut-off without notification.⁴⁵ The advice to apply for Newstart means that students are encouraged to reduce their course load in order to be eligible for unemployment benefits. Miss Monica Okulicz, Deakin University Student Association, expressed frustration with Centrelink's advice, which was considered to be unhelpful and demoralising:

Last year I was in a dire financial situation and Centelink told me that I should reduce my course load and go on to Newstart. That was their way of helping me. I think it is very alarming that Centrelink offered this as an option instead of helping me—that they would regard unemployment as my best-case scenario.⁴⁶

2.39 Centrelink Deputy Chief Executive Officer, Ms Carolyn Hogg, stressed at a public hearing that it is not Centrelink policy to advise students one way or the other on jobs or learning opportunities. Centrelink's primary role is to ensure that a person seeking government assistance is made aware of all the entitlements, including the conditions and rates of payment, and the implications for the customer's personal circumstances. This advice should enable the customer to make an informed choice about the most favourable entitlement.⁴⁷

2.40 On the issue of students having their benefit cut-off without notification and being left in a dire financial situation, Centrelink advised the committee that its guidelines require that every effort be made to contact the customer before payments are stopped: 'In terms of trying to ensure that students are informed of their rights and obligations, we do this not only at the time they are granted income support; every Centrelink letter that they receive subsequently will remind them about key messages and obligations'.⁴⁸

2.41 The committee notes that Centrelink has recently implemented a range of measures to improve its service delivery outcomes. An example is the provision of on-line services to enable students to access personal information and lodge claims for income support over the internet.⁴⁹ The committee is also aware that an attempt was made by Centrelink in 2001 to identify where it might be able to better assist students, through the formation of a partnerships group with the Student Financial Advisers Network. The group included FaCS, indigenous representatives, the National Union of

45 Mr Mark Allen, University of South Australia Students' Association, *Committee Hansard*, 28 April 2005, p.27

46 Miss Monica Okulicz, Deakin University Student Association, *Committee Hansard*, 26 April 2005, p.62

47 Ms Carolyn Hogg, Centrelink, *Committee Hansard*, 13 May 2005, p.53

48 Mrs Michelle Cornish, Centrelink, *Committee Hansard*, 13 May 2005, p.54

49 Ms Carolyn Hogg, Centrelink, *Committee Hansard*, 13 May 2005, p.50

Students, parents and schools associations and the National Youth Roundtable. However, the group's last meeting was held in March 2003 and, apparently without participants being notified, has not been reconvened. Mr Vincent Callaghan, SFAN, told the committee that while the partnerships group had 'worked very well', a more effective avenue for communication between FaCS, Centrelink and their customer organisations was needed to build a more effective income support scheme.⁵⁰

Recommendation 5

The committee recommends that a National Partnerships Group, consisting of representatives from Centrelink, the Student Financial Advisers Network and other relevant groups, be reconstituted and meet on a regular basis to discuss changes and difficulties associated with student financial assistance and to make recommendations to the relevant ministers.

Government senators do not agree with this recommendation.

2.42 The committee believes that notwithstanding efforts by Centrelink to improve its service delivery, the constant stream of complaints from students demonstrates that there is significant room for improvement. The committee accepts the useful suggestions and recommendations included in written submissions by various student associations and professional student bodies. These include that Centrelink produce an accessible, comprehensive and reader friendly guide for students, parents and advisers; review its information products for students; make consistency of advice a priority in its training programs; and improve the flow of information to students.⁵¹ The committee believes these are reasonable and achievable goals that could be implemented in a timely and cost-effective manner.

2.43 The committee believes that while improvements in each of these areas will assist students in accessing the income support system, the nature and extent of the problems with Centrelink's customer service warrant a comprehensive and independent review of the delivery of income support payments.

Recommendation 6

The committee recommends that the Auditor-General be requested to conduct an audit of Centrelink's delivery of financial assistance to students, paying particular attention to service delivery issues.

Government senators do not agree with this recommendation.

50 Mr Vincent Callaghan, Student Financial Advisers Network, *Committee Hansard*, 26 April 2005, p.2

51 Student Financial Advisers Network, *Submission 116*, pp.12-13

Student income support and access to higher education

2.44 It is widely recognised by the Commonwealth and state governments that vocational training and higher education after year 12 is essential to ensure participation in the workforce in later years. A 1990 report on equity in higher education by the then Department of Employment, Education and Training stated that people from all groups in society should have the opportunity to participate in higher education. It noted further that this goal would only be realised by changing the balance of the student population to reflect more closely the composition of society as a whole.⁵² The AVCC submission noted that people from poor backgrounds need access to an effective income support system for at least five years past the age of compulsory education to gain the necessary education and training for future employment.⁵³ Six equity groups are currently included in the Government's Higher Education Equity program (HEEP): indigenous students; people from low SES backgrounds and from rural or isolated areas; people with a disability and from non-English speaking backgrounds; and women in non-traditional areas of study.⁵⁴

General trends

2.45 Several submissions argued that students were prevented from attending university by their inability to support themselves.⁵⁵ Student income support is therefore considered a vital component of any general strategy to improve access to higher education, particularly for students from low and middle income families.⁵⁶ Research shows that people from disadvantaged backgrounds are generally under-represented in higher education.⁵⁷ It was argued by one student association that the current income support measures do not offer disadvantaged students the support they need to stay in higher education long enough to complete their degree.⁵⁸ This was confirmed by the University of Adelaide which noted that some students from disadvantaged backgrounds leave university because the cost of studying and living expenses exceeds the amount of income support they receive.⁵⁹

2.46 Studies by Dr Bob Birrell and others from the Centre for Population and Urban Research at Monash University have shown that student finance is at the heart of the equity issue: 'The existence of equity targets and the well-meaning rhetoric about promoting opportunity emanating from university equity officers means little if

52 Reference to the DEET report is in University of Technology Sydney, *Submission 73*, p.8

53 AVCC, *Submission 114*, p.3

54 Australasian Campus Union Managers Association, *Submission 95*, p.13

55 NSW Student Guild, *Submission 48*, p.6

56 *ibid.*; NUS, *Submission 89*, p.61

57 Australian National University Students' Association, *Submission 85*, p.14

58 Students' Association of the University of Adelaide, *Submission 75*, p.20

59 The University of Adelaide, *Submission 49*, p.4

students do not have access to funds sufficient for their living expenses'.⁶⁰ Their studies have found that young people from lower middle and working class backgrounds are under-represented in the higher education system. The number of full-time students aged 19 and above is growing much more rapidly than those aged 19 or less. The figures show that very few students who move from school to university are eligible for Youth Allowance. By 2001 only 21 per cent of students aged less than 19 who were studying full-time received Youth Allowance. Of these students, about a quarter did not receive the full rate because their family income was above the income threshold. Analysis of unpublished Centrelink data shows that the overall increase in the number of people in receipt of Youth Allowance since 1998 masks movements up and down the scale according to age:

The outcome is a product of reduced access for young students and improved access for older students. In the case of young students (aged less than 19) [the data] shows that the recipient rate has declined significantly from 33 per cent in 1998 to 21 per cent in 2001. On the other hand, recipient rates have generally increased for older students.⁶¹

2.47 The authors concluded that current income support policy, especially the harshness of the eligibility criteria, discourages young people from full-time university study at a time when the Government is trying to improve skill levels. The committee is concerned by these findings. Many students are entering university part-time in order to earn the income necessary to become eligible for Youth Allowance, at which time they enrol as full-time students. This is consistent with the committee's findings about the effect of the eligibility criteria on students and their families.

2.48 Another issue which is of concern is the under-representation of rural students in higher education. A paper by Vincent Callaghan refers to research which indicates that there is a clear correlation between the participation rates of regional, rural and isolated students in post-secondary education, and their perception of their ability to survive financially. It is generally recognised that students who need to leave home in order to study, including students from urban areas whose choice of course requires them to live away from home, face financial disadvantage.⁶² Callaghan refers to 1999 data which shows that students from rural and isolated areas attend university at 40 per cent of the rate of other students, relative to their share of the population.⁶³

60 Bob Birrell, Ian R. Dobson and T. Fred Smith, 'The New Youth Allowance and Access to Higher Education', *People and Place*, vol.7, no.3, 1999, p.20

61 Bob Birrell, Ian R. Dobson, Virginia Rapson and T. Fred Smith, *Higher Education at the Crossroads*, Centre for Population and Urban Research, Monash University, 2003, p.5

62 Vincent Callaghan, 'Government Financial Support for Students – the Case for Radical Reform', *People and Place*, vol.11, no.3, 2003, pp.15-16

63 *ibid.*

Participation rates for indigenous students

2.49 The committee acknowledges that indigenous Australians from remote communities and where English is their second or third language, are some of the most disadvantaged students in the higher education system.⁶⁴ A consistent theme raised in evidence was that the ABSTUDY scheme is no longer able to provide effective support to indigenous students. This is a direct result of funding cuts to ABSTUDY in 1997-98 and again in 2000, and of policy changes which have further aligned ABSTUDY with the entitlements and eligibility criteria for Youth Allowance and Austudy.⁶⁵ The NTEU submission argued that the changes cut back components of ABSTUDY that were designed to make it culturally and economically relevant to indigenous students. There is concern over the changes to the Away From Base Component of ABSTUDY. This particular scheme provides different levels of assistance for indigenous students who chose to study close to their home and families for cultural, community or family reasons. According to the NTEU: '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, families and country'.⁶⁶

2.50 Changes to the Away From Base Component in the 1997-98 budget resulted in payments being made only to indigenous students who study at an institution located more than 36 hours travel by land away from their home. Students were not entitled to the allowance if the institution was within a three day drive of their home. The NTEU submission noted that the changes bore most heavily on independent indigenous students living in urban locations who had left remote or regional locations to study. Further changes to the Away From Base Component were introduced in 2000. Members of the NTEU involved in the administration of ABSTUDY have argued that the changes have had a detrimental effect on the level of assistance provided to indigenous students. One of the changes was a reduction of funded return trips from five to four in any year, which resulted in a corresponding reduction in the number of residential schools attended by students.⁶⁷

2.51 The committee is concerned by evidence that the various changes to the ABSTUDY program have reduced the participation rate of indigenous students in higher education. The overwhelming response from student bodies and university administrators is that these various changes to the ABSTUDY scheme have contributed to the fall in the number of ABSTUDY recipients from 7789 in 1998 to 5845 in 2001, and are closely related to the overall fall in indigenous higher education enrolments.⁶⁸ The National Indigenous Postgraduate Association Aboriginal

64 Flinders University, *Submission 21*, p.4

65 RMIT Student Union, *Submission 78*, p.35

66 National Tertiary Education Union, *Submission 129*, p.10

67 *ibid.*, p.10

68 *ibid.*

Corporation told the committee: 'Overall, the changes to Abstudy in 1998 had disastrous effects on Indigenous enrolments'.⁶⁹ This is supported by the NTEU's submission to the Department of Education, Science and Training's review of the effect of the ABSTUDY policy changes from 2000. These have seen a decline of up to 15 per cent in annual indigenous higher education commencement rates, and a severe reduction in the growth rate of indigenous participation compared with the rate over previous decades.⁷⁰

2.52 Mr Joel Wright, NTEU, told the committee that the decline in indigenous enrolments is directly related to the changes introduced in 2000:

The introduction of the changes to the guidelines governing the away-from-base benefits under the Abstudy scheme significantly impacted on the majority of urban students enrolled in higher education, simply as a consequence of not recognising that those students had moved from remote areas and rural areas into an urban environment, in a number of cases as independent students. As a consequence of the changes to the away-from-home guidelines the majority of those students were made ineligible for further support under the scheme. On an initial analysis, they represented 70 to 80 per cent of the total Indigenous cohort who were negatively affected by those changes.⁷¹

Recommendation 7

The committee recommends that the Department of Education, Science and Training undertake an analysis of the costs and benefits associated with reversing the Government's changes to the Away From Base Component of ABSTUDY in 1997 and 2000.

Government senators do not agree with this recommendation.

69 Ms Vicki-Ann Speechley-Golden, *Committee Hansard*, 26 April 2005, p.45

70 Mr Joel Wright, National Tertiary Education Union, *Committee Hansard*, 26 April 2005, p.53

71 *ibid.*, p.54

