

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

Submission no: 21

Received: 4/06/2004

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FLINDERS UNIVERSITY

Submission to the Senate Inquiry into Student Income Support

In 2000, the Australian Vice-Chancellors' Committee commissioned a survey of undergraduate student finances. The subsequent report, entitled *Paying their Way*, provides substantial evidence that students are struggling financially and, as a result, are engaged in work to a much greater extent than in the past.¹

Specifically, the report noted that:

- the level of income support under Government income-support programs is too low and that access to the schemes is too restrictive;
- Austudy recipients are disadvantaged compared with Youth Allowance recipients because they are not eligible for rent assistance;
- because of the way in which the programs are structured, Youth Allowance and Austudy recipients have a strong financial disincentive to work more than about a day a week on average in the year;
- the total income from income support and limited part-time work, combined with educational expenses, leaves participants in these programs financially vulnerable;
- for many students, their financial circumstances are having a direct impact on their mode and location of study and choice of course.

In its submission to the Higher Education Review, entitled *Forward from the Crossroads: pathways to effective and diverse Australian universities*, the AVCC highlighted the findings of *Paying their Way*. The AVCC also drew attention to more detailed studies² which supported the findings of *Paying their Way* and which pointed to the particular difficulty of students from low to middle income families. The submission noted that even where the family income excludes, or substantially reduces, entitlement to Youth Allowance, the family can be struggling to maintain living standards on its income.

The AVCC recommended that the Government restructure the income support system so that it was effective in reducing the need for students to work excessive hours and so avert the detrimental effect on academic performance of heavy work commitments prompted by economic necessity. Specifically, the AVCC called for an increase in the

¹ M Long and M Hayden *Paying their way: a survey of Australian undergraduate university student finances, 2000*, AVCC, October 2001

² B Birrell, IR Dobson, TF Smith *The New Youth Allowance and Access to Higher Education*, in People and Place, Vol 7, No 3, 1999; and J Bessant, *Student Poverty in the Enterprise University*, Social Policy and Advocacy Research Centre, ACU, Melbourne 2002, DETYA (1999)

HECS threshold, and a review of the income support arrangements. The AVCC recommended that the review consider:

- the level of the Youth Allowance (and Abstudy) and the related thresholds for loss of entitlement to the allowance, to take better account of accommodation, living and course-related costs;
- the eligibility criteria, by reviewing parental income testing so as not to exclude from assistance the children of families on modest incomes. The AVCC suggested that these should at least be at average weekly earnings before allowances are reduced;
- reducing the age criteria for access on independence grounds from 25 to 21;
- the costs for students, notably from rural and isolated regions, who need to move to attend University so that there is support for such students;
- incentives for low SES people to participate in higher education;
- the requirements of the Student Financial Supplement Scheme. The Scheme allows students to trade-in all, or part, of their income support payment for a loan of twice the amount of the income foregone up to a maximum of \$7,000. An option is to allow students to keep the allowance to which they are entitled and, in addition, borrow an equivalent amount as a loan, rather than choose one or other;
- making universities' part-time, as well as full-time, postgraduate scholarships tax exempt; and
- ensuring that university scholarships do not cause a reduction in allowance payments such that the value of the scholarship is undermined.

Flinders University is disappointed to note that, for the most part, the recommendations with respect to student income support have not been taken up. This is notwithstanding a wealth of submissions, with substantial evidence of student disadvantage, which have been made on these matters in recent years.

Whilst the recent Budget announcements have addressed some of the issues outlined above, notably the increase in the HECS threshold which we welcome, it is disappointing to note that the levels of student income support payments, and the eligibility criteria for access to those payments, remain unchanged.

Other matters of concern include:

- in March 2004, Flinders University wrote to the Minister for Family and Community Services seeking an amendment to income test regulations to exempt from income testing not only the new Commonwealth Learning scholarships, but all scholarship income for university students. The further exemption recently allowed covers tuition costs only: scholarships which are for living or educational expenses (the most common form of university assistance to low-income students, and the most useful form of assistance to the most disadvantaged of our students) remain non-exempt.

We know that the imposition of up-front costs for students presents a major barrier to low income people entering tertiary education and the Government's implementation of Commonwealth Learning Scholarships is a direct recognition of this. These

scholarships are exempt from income-testing, whilst university-sponsored living/educational cost scholarships are not. The continued imposition of income testing on these scholarships contradicts the Government's stated goal of increasing higher education participation by students from low socio-economic backgrounds. In particular, it creates an inferior 'university' class of scholarship. The University submits that low income students receiving university scholarships to assist with living and education costs should not be treated differently to low income students receiving Commonwealth Learning Scholarships.

- the abolition of the Student Financial Supplement Scheme. Many students relied on this Scheme to ensure adequate income to maintain their studies. The closure of the Scheme will place many students under severe financial stress;
- similarly, the University is concerned about the proposed abolition of the Education Text Book Subsidy Scheme. The cost of textbooks is, in many cases, prohibitive (in some courses, the cost of textbooks may be as much as \$1000 per annum) and the Scheme provided small, but welcome relief to the burden of these costs.

Issues raised by Yunggorendi Mandé, Flinders University's First Nations Centre for Higher Education and Research that are of particular significance to Indigenous students.

(a) (ii) the age of independence

The age of independence is a particular issue for Aboriginal and Torres Strait Islander students. We support the change of age of eligibility for the 'Independent Rate' of Abstudy from 25 to 21.

A high proportion of the Indigenous Australian population are in the youth age-group compared to the wider Australian population. The effects of this are wide ranging: one direct impact is that young people within Aboriginal and Torres Strait Islander Communities often take on more adult responsibilities at a younger age within their family and community context. The current criteria for eligibility for 'Independent Rate' Abstudy do not mirror the roles and responsibilities undertaken by Indigenous Australian youth.

(b) (i) the increasing cost of higher education

(ii) students being forced to work longer hours to support themselves,

Indigenous Australians are under-represented within the tertiary education sector. Any perceived rise in the cost of tertiary education will have long term impacts on the number of Indigenous Australian people who choose to undertake higher education, and will discourage Indigenous participation.

Many of the Scholarships that are aimed at Indigenous Australian University students are income assessed by Abstudy, meaning students who receive these scholarships/ cadetships have their Abstudy docked or ceased completely. These scholarships need to be income test exempt to make them a real incentive for Indigenous Australian students.

The Abstudy time frame for completions of undergraduate degrees should be flexible, given the complex locational, cultural and family circumstances of many Indigenous students so as to enable a greater number of Indigenous Australian students to complete their degree.

- (c) (i) students from disadvantaged backgrounds, and
- (ii) improving access to education

Indigenous students who come from remote/ rural communities in order to study at university often have significant financial costs associated with relocation, particularly in their first year of university study. This has been recognised in the new Commonwealth Learning scholarships for accommodation costs, but there are not sufficient scholarships for all low-income students. There is a need also for other forms of financial assistance or an additional allowance that assists with the transition from remote communities to city-based universities.

Indigenous Australian students who are from remote communities and have a background where English is their second or third language, are some of the most disadvantaged students in the country. These students should have special allowances to reduce the number of subjects that classifies as a full-time load in their degree course, as required to meet the conditions for Abstudy, to allow them to take English language programs. These students should be encouraged to continue with University study on a reduced load rather than feel discouraged because they cannot meet the requirements of a full-time load as classified by Abstudy.

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31 May 2004