

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

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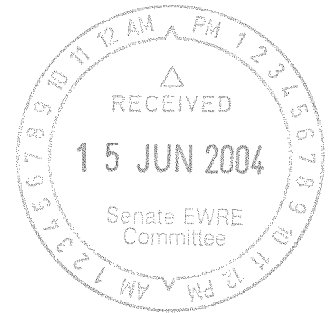
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*Listening, Working &
Delivering for Caulfield
students*

Tuesday, 15 June 2004

Senate Employment, Workplace Relations
and Education References Committee
C/O The Secretary
Suite SG.52, Parliament House
CANBERRA ACT 2600



Dear Senators,

RE: Student Income Support

The submission of the Monash University Student Union Caulfield relates to three areas of the Committee's Terms of Reference – Terms (a) (i); (b) (i); and (b) (ii). We have responded to each item separately.

The living costs of students enrolled in full-time and part-time courses and, in particular:

(a) current measures for student income support, including Youth Allowance, Austudy and Abstudy, with reference to:

(i) the adequacy of these payments,

In my capacity as President of the Monash University Student Union Caulfield, a student recently contacted me about a problem she faced with Centrelink. In a previous job, I responded to a number of complaints about Centrelink myself, but this particular issue struck me as reflecting a more systemic problem.

The student in question had recently completed her course (mid-November, 2003) and had been successful in obtaining a graduate position with the Department of the Treasury in Canberra, to commence in mid-February 2004. She had previously been on Youth Allowance during her time at university, and maintained a part-time job throughout, which continued throughout the summer.

However, upon the completion of her course in November, her Youth Allowance payment ceased, and she was required to seek assistance through the New Start Allowance, and therefore actively seek employment. As would be expected, she was unable to find work. Employers were extremely reluctant to offer her a position when she would be moving interstate so soon and continued to work one day a week in her part-time role.

Consequently, I wanted to provide feedback and highlight what appears to be a hole in Student Income Support, in the hope that a 'grace period' for youth allowance be introduced for people in such a position.

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Since unemployment benefits were introduced in Australia, it has been a legislative requirement that recipients must be actively seeking and willing to undertake suitable paid work. This, consequently, causes obvious difficulties for people who already have a job to go to in the future. In some cases, such people can be seen as not genuinely unemployed and therefore, on a strict interpretation of the legislation, not qualified for payment.

However, this would leave some people without income support in times of genuine need, which is an undesirable outcome. Understandably, this is why successive Governments have maintained a policy of asking people in this situation to continue looking for work. There is little point in this, except that it may lead to some benefits in occasional cases where an expected job falls through or if there is an unexpected delay in commencing full-time employment.

The solution, then, would be to change the legislation to allow people with future employment to receive payment without the need to demonstrate that they are actively seeking work. Admittedly, this would require careful consideration and drafting to ensure that some people, such as contract workers, seasonal workers or the self-employed, could not exploit the system and effectively take holidays at the taxpayer's expense.

A more suitable remedy for this anomaly would be to modify the rules under which Youth Allowance is paid to a student throughout study. These recipients have to meet a number of obligations, collectively known as an activity test. For young people aged under 25 years, the requirement is to be in full-time education or training. For young people under 21 years, the requirement is to be in full-time education or training, looking for work or undertaking a combination of activities such as part-time study and part-time employment. In the instance referred to above, Youth Allowance was no longer payable because she ceased full-time education and was aged over 21 years.

The living costs of students enrolled in full-time and part-time courses and, in particular:

(b) the effect of these income support measures on students and their families, with reference to:

(i) the increasing costs of higher education,

A significant cost faced by Victorian tertiary students is the exceptionally high cost of public transport to attend classes. This cost continues to increase, despite a majority of University students having insufficient income to pay these excessive prices.

While this was marginally improved when Victorian Premier Steve Bracks decided to cave-in to MONSU Caulfield's continued pressure and finally delivered on his own 1999 pre-election promise to bring the price of tertiary education concession cards into line with secondary student concession cards, there is still much more to be done.

Disappointingly, the Bracks Government continues to enforce a policy of discrimination against international students and postgraduate students, both of

whom have the same study loads as local students, but which are denied access to concession cards.

In a recent survey of 91 students on the Caulfield Campus of Monash University, the following question was asked:

“Currently, international and postgraduate students are ineligible for any concession on public transport in Victoria. Do you believe that international and postgraduate students should also be eligible for concession fares on public transport?”

Of the 91 people surveyed, 1 student did not answer the question, 1 student answered “No,” and 89 students answered “Yes.”

The same survey also asked the question:

“If public transport was less expensive, would you be more likely to use public transport to attend university classes?”

Of the students surveyed, 90 answered “Yes.” The sole remaining student, who answered “No,” wrote that she “would be able to work less and not have so much trouble juggling work and study.”

Providing concession travel to students to travel on public transport has a number of clear and direct benefits. While issues of income support and equitable opportunities for students to juggle work, study, family and social pressures are important, other benefits will also accrue. These other benefits include less car use (and the associated environmental and social benefits), and forming a habit in young people to use public transport throughout their life.

We hope that the Bracks Government will end its policy of discrimination against international and postgraduate students, and deliver an equitable and fair concession card policy for all Victorian tertiary students.

The living costs of students enrolled in full-time and part-time courses and, in particular:

(b) the effect of these income support measures on students and their families, with reference to:

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

Currently, a large disincentive exists for students to find meaningful employment while studying. The system currently discourages Youth Allowance recipients from finding meaningful employment while studying by significantly reducing youth allowance payments on earning additional income. Many students believe the small financial gain they make as a result of part-time employment does not justify the hours they must work. In effect, this rewards lethargy and penalises those students that work to support themselves.

While the concept of “effective marginal tax rates” is subject to significant debate in the context of the wider welfare system, the real effect on students in this circumstance is to discourage people from combining part-time work while studying.

We believe that Australia needs a youth payment system where people are actively

encouraged to find work to compliment any Government payments instead of encouraging them not to work.

Such a system could exist by providing a safety-net approach to those in most need, whilst providing additional assistance to those who then work to increase that income.

Students should be encouraged to be employed while studying, because it provides practical training and experience that simply is not available in universities. While many students are employed in areas that are not directly connected to their field of study, many of the lessons and experiences of employment are transferable to any field. These key lessons and experiences include self-discipline, the 'habit' of working and understanding of different employment environments. Of course, those students who are able to find employment within their field of study receive even greater benefit.

I would be keen to discuss either matter in further detail with any individual Senator or the committee as a whole, so if you have any queries about this, please do not hesitate to contact me by phoning (03) 9903 2567 or 0408 348 631, or by email to president@monsucaulfield.org.au

Yours sincerely,

MICHAEL JOSEM

President, Monash University Student Union Caulfield Inc.