

# Submission

to

Senate Employment, Workplace Relations and Education  
References Committee

## **Inquiry into student income support**

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**SUBMISSION TO SENATE EMPLOYMENT, WORKPLACE  
RELATIONS AND EDUCATION REFERENCES COMMITTEE  
INQUIRY INTO STUDENT INCOME SUPPORT**



**THE UNIVERSITY  
OF ADELAIDE**  
AUSTRALIA



## **1. Introduction**

The University of Adelaide recognises the difficulties students face in financially supporting themselves during their studies. In particular it notes that many students have to undertake part-time work to supplement their income, and in many cases this has a substantial impact on their educational experience.

## **2. Current measures for student income support**

On 19 March 2004, the University's Vice-Chancellor sent an email to all students asking for feedback on possible changes to the HECS rate at the University. Many of the students who responded to this survey pointed out that income support was an even greater concern for them. In particular students noted that:

- the Youth Allowance/Abstudy payment is inadequate. The University of Adelaide Prospectus for 2005 states that the average weekly living expenses a student can expect to pay is up to \$330 per week. The current away from home rate of Youth Allowance/Abstudy is \$318.50 per fortnight.
- youth allowance is reduced at too low a threshold (currently \$6000 p.a.);
- the criteria for access on independence grounds should be lowered from 25 to 21; and
- youth allowance is calculated unfairly for students with irregular sources of income.

The University notes that students face many costs associated with study including student services fees, books, printed material and equipment. In addition some areas such as information technology represent a large cost to students. For example, students are required to download and print material for many courses. This is an even greater burden for students who undertake part-time work and may have to print out additional information if they miss classes.

The maximum income support payment currently available to students is approximately \$70 per fortnight less than unemployment benefits. Yet, students have many additional expenses associated with study. As a result, the income support payment does not appear to reflect actual need.

The indexation of Austudy/Youth Allowance/Abstudy is currently a percentage of the previous years' rate. This indexation does not appear to be based on any real increase in either the cost of living, or the costs of study. The cost of textbooks and equipment as well as transport and living costs continues to increase at a far more rapid rate than increases in income support. This puts significant pressure on students and families. The increase in the rate of the allowance should be made with reference to external measures of standard of living and/or study costs.

The University agrees with feedback received from students that the age of independence should be reduced from 25 to 21. This is supported by the AVCC submission on welfare reform that recommends that the age criteria to access support on independent grounds be reduced from 25 to 21<sup>1</sup>.

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<sup>1</sup> Australian Vice-Chancellors' Committee, *AVCC Submission on Welfare Reform, 2003* – Page 5

### 3. The effect of these income support measures on students and their families

In 2000, the AVCC conducted a major survey of the finances of 35,000 undergraduate domestic students. This survey concluded that students were experiencing difficulty financially and were being forced to undertake work outside their studies to a greater extent than they have had to in the past.<sup>2</sup>

In particular the number of students undertaking paid employment has increased over the past 10 years. The survey found that full-time students worked an average of five hours per week during the semester in 1984. This increased to an average of 14.4 hours (a 300% increase) by 2000. In addition 50% of part time students were employed full time.

Data from students at the University of Adelaide supports this research. Students have indicated that there need to be initiatives to improve the currently available student income support in order to reduce the need for students to undertake an excessive amount of part time work. While HECS requires no up front payment, many students find they need to gain part time employment in order to support themselves during their studies.

The table below gives the completion times for students who have successfully completed Bachelor's Pass Degrees at the University of Adelaide during the years 1997 to 2002. The data shows that the time to complete is increasing, indicating that students are taking longer to finish their degrees. One of the major factors in this increase appears to be the percentage of students undertaking part-time work to supplement their income during their studies.

#### Bachelor's Pass Completions

Year	Years Since Commencement										
	1	2	3	4	5	6	7	8	9	10	>10 years
1997	4.4%	5.9%	42.3%	23.2%	9.5%	7.7%	3.4%	1.2%	0.9%	0.5%	1.0%
1998	3.4%	8.3%	40.6%	25.0%	10.1%	6.5%	2.9%	1.2%	0.7%	0.3%	0.8%
1999	2.5%	13.7%	29.8%	31.3%	9.3%	7.7%	2.5%	1.1%	0.5%	0.7%	1.0%
2000	3.7%	8.1%	37.3%	24.6%	11.8%	8.6%	2.5%	0.8%	0.6%	0.5%	1.4%
2001	3.0%	9.1%	33.2%	26.9%	14.5%	8.0%	2.4%	0.7%	0.7%	0.6%	0.9%
2002	3.2%	10.6%	28.8%	23.3%	15.6%	10.0%	3.9%	1.6%	0.7%	0.4%	1.9%

Indications are that lower rates of attendance at classes impacts on the educational outcomes for students. In addition, reduced student participation due to work commitments can reflect on the course itself and the academic staff teaching the course.

With the need to work to support themselves some students may be in danger of not obtaining the full benefit from their education. The *Paying their Way* survey found that around 30% of students were frequently not attending some classes because of paid employment, and over 50% of respondents felt this was having a serious impact on their studies.<sup>3</sup>

The report also indicates that the "interpretation of results on the impact of work on study is complex. The hours a student works during the semester are a major influence on the extent to which that work

<sup>2</sup> Long, M & Haydon, M, *Paying their Way, 2001* – Executive Summary, p13

<sup>3</sup> Long, M & Haydon, M, *Paying their Way, 2001* – Executive Summary, p14

interferes with a student's study -- the more hours of work, the greater the adverse effect on study".<sup>4</sup> Indications from students are that the scarcity of jobs means that students will stay in work places that are not always conducive to their wellbeing or academic success.

In addition to classes the student's educational experience is made up of a number of other factors. The University of Adelaide has a long history of providing excellent student facilities through the Adelaide University Union, Sports and Clubs Association. The University has 40 sporting clubs and around 85 interest group clubs on campus with over 4,000 members. Part of the educational experience is lost when students are unable to participate in the vibrant campus life at the University due to their work commitments.

The changing working patterns of students means that educational institutions need to be more flexible in the delivery of courses. This may involve a number of initiatives from holding evening classes to making more material such as course notes available online, where it can be accessed at any time. These are issues which the University continues to address.

#### **4. The importance of adequate income support measures in achieving equitable access to education**

The Paying their Way survey found that there was a larger percentage of female students than male under 25 who missed classes due to work commitments. In addition men and women from lower socio-economic backgrounds are more likely to miss classes due to work commitments.<sup>5</sup> Once again, this will result in a decrease in the educational experience of students from these low SES groups.

This is supported by data from the University of Adelaide. The table below shows that the success ratio for low SES students at the University is declining. While there may be a number of contributing factors to this decline, evidence suggests that one of the main reasons is that students are undertaking part time work to supplement their studies and this is impacting on their results.

##### **Success Ratio for Low SES Students**

<b>Year</b>	<b>Success Ratio</b>
1997	0.98
1998	0.98
1999	0.96
2000	0.97
2001	0.97
2002	0.94
2003	0.91

Some students from disadvantaged backgrounds have left University before completing their studies because the costs of studying and associated living expenses exceed income support. In summary, the costs associated with study and inadequate income support are a disincentive to prospective students from low SES backgrounds.

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<sup>4</sup> Long, M & Haydon, M, *Paying their Way, 2001* – Executive Summary, p14

<sup>5</sup> Long, M & Haydon, M, *Paying their Way, 2001* – Executive Summary, p13

## **5. Alternative student income support measures.**

One of the students responding to the University of Adelaide survey pointed out that there needed to be a scheme similar to HECS to provide an allowance to students while studying. Such a scheme could involve, for example, an increased HECS debt, which students could pay back. This would be of benefit to students in the short term.

Alternative income support measures such as the University of Adelaide's Loan Scheme, various trusts and scholarships along with the Subsidised Accommodation Scheme are valuable adjuncts in times of crisis. It should also be noted that a number of scholarships offered by Universities remain subject to the income test for Youth Allowance and other income support schemes. It is recommended that these scholarships also be exempt from the income test to ensure that students who receive scholarships are not disadvantaged.

## **6. Conclusion**

The University of Adelaide recognises that a greater number of students are taking up part time work to support them during their studies. In many cases this results in poorer educational outcomes for students. Evidence from the University of Adelaide also suggests that the impact is likely to be more pronounced for students from low SES backgrounds.

In summary, the University of Adelaide supports the conclusions of the AVCC Submission on Welfare Reform, June 2003. In particular:

- the level of Youth Allowance (and Abstudy) and related thresholds for loss of entitlement to the allowance, to take better account of living and course related costs (in addition the University of Adelaide supports the realistic indexation of benefits);
- the age criteria for access on independence grounds, reducing it to 21 from 25;
- incentives for low SES people to participate in higher education; and
- ensuring that university scholarships do not cause a reduction in allowance payments such that the value of the scholarship is undermined.<sup>6</sup>

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<sup>6</sup> Australian Vice-Chancellors' Committee, *AVCC Submission on Welfare Reform*, 2003 – Page 5