

Submission

to

Senate Employment, Workplace Relations and Education
References Committee

Inquiry into student income support

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Newcastle University Students' Association's Submission to the Employment, Workplace Relations and Education References Committee's Inquiry into the Living Costs of Students Enrolled in Full-Time and Part-Time Courses

The Newcastle University Students' Association welcomes the current inquiry into student income support by the Employment, Workplace Relations and Education References Committee. There is often the misconception, in the media and amongst the general public, that university students enjoy a free ride at the expense of the taxpayer. Unfortunately, it is an image often propagated by the Government, although the fact that students or their supporting families are more often than not taxpayers themselves is often overlooked. NUSA appreciates the opportunity to contribute to a more realistic picture of the difficulties faced by many students. Often these are students in receipt of some form of income support. Although students value this support, there is often the sentiment that it is insufficient or inaccessible.¹ This submission will endeavour to show how these deficiencies can affect students both financially and academically, in the hope that a more adequate and equitable system can be found.

Current measures for student income support, including Youth Allowance, Austudy and Abstudy

Although student income support such as Youth Allowance and Austudy provides relief for nearly 40% of students,² there is evidence that this relief is not always adequate. For example, between 26 March and 26 May this semester, NUSA gave out twenty-four interest-free loans of up to \$200.00 each. Ignoring two loans to international students and one to a repeat borrower, fourteen of these loans (67%) were to students already receiving government income support, including three who also worked. Although twenty-four loans is a fairly small number, it must be remembered that this is the number of loan applications that were successful. The number of loan enquiries is much greater, but many do not go on to complete the application for a number of reasons: either the \$200 limit is not enough or the student is not eligible due to their enrolment status or NUSA's stringent policy with regard to students who have previously defaulted on a loan. Before this policy was put in place, loan defaulting was a serious source of income loss to NUSA, and an indication that students often ran into difficulties finding the income to repay loans.

Apart from loans offered by NUSA, the University also offers loans of up to \$2,000 to students. Last year 600 students utilised this service. NUSA does not have figures as to how many of these students were receiving income support, although it is fair to assume that such students would be included. As with NUSA loans, these loans are also susceptible to defaulting, and

¹Michael Long and Martin Hayden, *Paying their way: A survey of Australian undergraduate student finances, 2000 – Executive Summary*, Australian Vice-Chancellors' Committee, 2001, 4-5.

²Long and Hayden, *Paying their way*, 5.

students cannot receive results or graduate until repayments are met. This merely adds to the stress of study.

Receipt of Youth Allowance, Austudy or Abstudy also has the potential to deter students in need from applying for non-government scholarships and grants, as these scholarships can affect a student's Centrelink payments. This is a problem currently under consideration at the University of Newcastle, as the University considers ways students may benefit from the extra funding it will receive due to the 25% rise in HECS.

Another concern is the age of independence. Of the loan recipients mentioned above, only two were living with their parents. In 1998 NUSA conducted a poverty survey, calling on students who suffered from poverty to be interviewed face to face. Despite the personal and potentially embarrassing nature of this process, 51 students responded. 33 (65%) were under the age of 25.³ For these students to be eligible for the independent rate of Youth Allowance, they would have had to have worked at least 18 months full-time or 2 years part-time since they left school, otherwise their Youth Allowance payments would depend on their parents' income. Realistically, most university students under twenty would have little chance of reaching these requirements, yet the following results would indicate that the respondents were living independent of parental support, even if Centrelink did not identify them as such: 52% of respondents went for at least one day of the year without food (on a few occasions single parents went without while ensuring their children ate), 38% of respondents fell behind in their rent, 62% were known to live off 2-minute noodles on occasion, 37% occasionally turned to charity, and on average the respondents had 1.9 loans. If the age of independence were lowered, many of these students' chances of receiving a better rate of Youth Allowance (or any Youth Allowance at all) would be improved.

Ineligibility of Austudy recipients to receive rent assistance is another example of inequity in the system. Of the NUSA loans mentioned above, thirteen (62%) were to do with living arrangements, such as bills, bond and storage. Only four were for university supplies. Yet only those students under the age of 25 would enjoy the benefits of rent assistance.

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

The closure of the Student Financial Supplement Scheme was added stress for many students last year, with NUSA receiving calls for action from students who feared they could not continue studies without the Supplement. The timing of the closure, only weeks before Christmas, was especially hard for some. Now there is the threat of increases in the cost of textbooks with the proposal to discontinue the Textbook Subsidy Scheme. Income support measures as they stand will have little impact in combating increased higher education costs.

The increases in HECS adopted by most universities across Australia will not have an immediate effect on students' Centrelink payments, as most students will choose to defer their higher education contribution through HECSHELP. Rather, it is the demoralising long-term effect that

³ Richard Dash, *NUSA Poverty Survey Results*, 1998.

is perhaps more damaging, as students face a future of increasing debt. The majority of those students surveyed in 1998 when asked about the future said that they felt “burdened by not having sufficient money”.⁴

The amounts provided by income support are not enough to save towards such a future, nor is that the purpose of such support. Government provided income support is meant to meet the immediate needs of students. However, the examples offered by NUSA, although few, show a need for a more flexible, generous and realistic approach to income support for students. With the effective relief of present financial stresses, the prospect of increased debt in the future becomes a little less difficult to bear.

⁴ Dash, *NUSA Poverty Survey Results*.