

# Submission

to

Senate Employment, Workplace Relations and Education  
References Committee

## **Inquiry into student income support**

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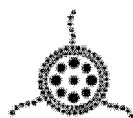
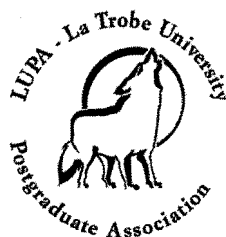
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# A SUBMISSION BY THE STUDENT ASSOCIATIONS OF LA TROBE UNIVERSITY



**La Trobe University  
Students' Representative Council Inc.**  
ABN: 7084 9665 389

INTO THE SENATE EMPLOYMENT,  
WORKPLACE RELATIONS AND EDUCATION  
REFERENCES COMMITTEE INQUIRY INTO:

## STUDENT INCOME SUPPORT



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It is endorsed by the: La Trobe University Union;  
La Trobe University Students Representative Council Inc.;  
La Trobe University Postgraduate Association Inc.

Its content is based upon the experiences of the Officers and Staff of the various student associations of La Trobe University, and draws upon the 'Report on the Student Experiences of Poverty at La Trobe University', Academic Development Unit, La Trobe University, 2000, available at: [http://www.latrobe.edu.au/adu/poverty\\_report.htm](http://www.latrobe.edu.au/adu/poverty_report.htm), and the Department of Education, Science and Training Higher Education Report for the 2004 to 2006 Triennium, available at: [http://www.dest.gov.au/highered/he\\_report/2004\\_2006/pdf/triennium\\_2004\\_2006.pdf](http://www.dest.gov.au/highered/he_report/2004_2006/pdf/triennium_2004_2006.pdf). We also thank the Australian Council of Social Services for their work on the issue, and recommend their submission be viewed. It is available at : [http://coss.net.au/news/upload/info%20354\\_student%20income%20support.rtf](http://coss.net.au/news/upload/info%20354_student%20income%20support.rtf).

# INTRODUCTION

The Student Associations of La Trobe University welcome this opportunity to submit to the Senate Employment, Workplace Relations and Education Committee on the crisis in Student Income Support. Over the past few years we have watched with increasing alarm as students sacrifice their studies, being forced by circumstance to invest more and more of their time in paid employment. This is not a choice easily or willingly made by them; it has unfortunately become a question of basic survival. The sad truth is that in Australia today students enrolled in higher education institutions can no longer realistically study full-time without having to work as well. Government financial support is difficult to obtain and inadequate when it is available. A fundamental question on the nature of higher education must be answered, and answered soon. Does the government have any intention of funding student income support payments at a barely adequate level, either at or above the poverty line? If so, then there is a great deal of urgency to implement such a change as soon as possible to prevent even more hardship from being suffered by students. If not, then the time has come to stop lying to the students of Australia, and leading them to believe that undertaking higher education will be accompanied with sufficient financial support from the Commonwealth. This submission will examine the current state of student income support and our observations of what this has meant for our students, based in particular upon the experiences of students at La Trobe University. It is our firmly held opinion that change is necessary in the current system to prevent a crisis in the standard of education, and the capabilities and future of our society.

## THE LEVEL OF INCOME SUPPORT

Commonwealth payments to full time students are intended to provide them with a sufficient level of income so as to allow them to study full time – effectively 38 hours a week. The intention is to remove the necessity to work to support oneself, giving the recipients the opportunity to focus fully on their studies and pursue excellence in their chosen field. However for a multiplicity of reasons these payments have failed utterly to keep up with the increases in the cost of living, in particular those associated with higher education. A student who fits the definition of ‘independent’, is living away from home, and receiving the maximum amount of Rent Assistance, can at most hope to receive \$390 a fortnight. This figure contrasts poorly with the Poverty Line, which for someone in their circumstance is \$476. (Proposal for reform to student income support, ACOSS, 2004) What is being said here is that

the Commonwealth's expectation of students enrolled in higher education is that they will live on an income 20% below the Poverty Line. This is not an option available to all students, just a select few who meet the criteria; the rest have to survive on far less or no support at all. More often than not students in similar circumstances cannot even acquire this, forcing them to work and seeing their payments reduce even further. Students receiving the maximum amount of income support who work to make up their income to 100% of the poverty line are penalised with deductions in their Commonwealth payments, forcing them to work more and seeing their payments reduce accordingly. It is not hard to see how the current situation has become a trap for students.

The situation is one where the optimum amount of payment is still drastically insufficient, and achieving it requires great hardship combined with unrealistic circumstances. An example of some of the unnecessary hurdles placed before students is the ridiculously high age of independence and the parental income test threshold. The age of independence is set at 25 – something so ridiculous it defies comprehension. The age of independence should be set at 21, with students able to obtain it earlier if they have moved out of home, regardless of their parents' financial circumstances. The parental income test threshold is one which faces students with a prohibitive barrier; particularly when combined with the parental assets test. Whilst it appears fair to establish a framework to ensure that those who do not require government support cannot claim it, the reality is that this has prevented many whom desperately need it from receiving payments. Rural students in particular suffer from this, as their family's farms and equipment are counted, often to their detriment. Students at metropolitan universities forced to live away from home can be denied payments for up to 18 months due to their parent's income. In our experience well over two-thirds of such students receive no parental support, requiring them to work extreme hours to ensure they can support themselves.

The inadequacies of the current system can therefore be assessed as this:

- The current level of student income support is insufficient and should, at a bare minimum, be increased to equal the poverty line; and
- The barriers that prevent students from accessing income support should be reviewed, with many of them discontinued and testing in the future based upon real world conditions, not upon unrealistic assumptions which are proven to create hardship.

## **A CRISIS OF STUDENT DEBT**

This year we have the dubious honour of marking the point at which the accumulated HECS Debt of Australian Students reaches over \$10 billion. Students are finding themselves confronted with debt at every turn; as the costs can no longer be borne by them or families. However it is other debts we need to consider, also impacting negatively upon students and often in a far more immediate fashion. The GST, the fluctuations in international currency values and many other factors have seen the price of the necessary accessories of higher education, in particular textbooks, increase at a level often double or more the standard level of indexation. Students are running up debts on credit cards as they pay for their start-up costs each semester and are unable to pay the debts off. For students who work and whose income reaches a certain level there lies the unpleasant fact that their payments become taxable income after a certain point – but they are not informed when this occurs, so they often have large tax bills to pay that are unexpected too. Debts to banks, unpaid utilities, phone and other bills, debts to friends and family; all capped off by the spectre of a rising HECS Debt mean that students are ever more conscious of financial constraints. They focus their priorities accordingly; working more and, correspondingly, studying less.

## **INCREASING FINANCIAL PRESSURES**

Unfortunately the Commonwealth has not comprehensively reviewed the costs incurred through higher education for students; doing so would reveal what we have discovered through our investigations in this area, as has our University. Due to cutbacks in Commonwealth funding the onus on acquiring the necessary resources and materials for study has been placed entirely upon students, and therefore the expenses have as well. Take the example of a student pursuing a degree in Commerce, from a rural area and living in Melbourne, who receives the maximum level of support but does not work, then the situation is a grim one. With 57% of her income, which includes both Youth Allowance and Rent Assistance, being spent on rent, out of a fortnightly payment of \$386 a mere \$166 remains to spend upon food, transport, bills and study materials including photocopying. This is getting worse each year as indexation fails to cover 10% increases in public transport costs, the loss of the GST textbook subsidy, and the rise in the cost of living. Students *have* to work, their only choices being to either starve or fail. Many chose fail, and unfortunately many more chose passing at a rate which is well below their capabilities. The most common catch-cry among students today is that they are “happy just to pass”. Too many are incapable of finding the time to study which would allow them to do more.

# THE LA TROBE EXPERIENCE

Students at La Trobe University, due to its make-up of students from diverse backgrounds and its many metropolitan and regional campuses can be said to be an accurate reflection of the variety of students enrolled in higher education in Australia today. We draw the Senate's attention to the fact that five years ago in 1999 the problem we have mentioned were even then glaringly apparent, causing the Academic Development Unit of La Trobe University to undertake its own investigation into the students experiences of poverty. The results were frightening. They cannot be expected to have improved since then. The most disturbing facts are listed below:

- 63% of La Trobe University students "work in paid employment as their main source of income."
- 28% "cannot afford to run heating when required".
- 39% "eat inadequately" as a result of poverty.
- 42% of students have their health "negatively affected by financial hardship".
- 22% of students are "paying off debt" that excludes HECS and mortgages.
- 26% of all students work and are paid "low wages earning \$10 or under".
- 62% are "restricted in the purchase of study materials" as a result of financial shortages.
- 43% miss classes "due to the need to attend employment".

The results were, across the board, worse for students at regional campuses. To grossly generalise, you can accurately assume that at any point two-thirds of La Trobe Students are working to support themselves, and between 40% and 50% are experiencing health problems or eating inadequately or both, and one-third are missing class because they cannot afford to attend them regularly.

## FINDINGS OF THE 2000 POVERTY REPORT

The findings above paint a picture which is by no means limited to La Trobe University; our correspondence with other student associations shows that these are universal problems in higher education. We must ask ourselves the question that, in light of these facts, are the current student income support payments adequate? The answer is a resounding no. These findings proved that even as students sacrifice their studies to earn enough money to survive, and in spite of the detrimental affect

this had on their studies and the stress it generated, a disgraceful proportion of students remained victimised by the system of inadequate and inaccessible payments. It should be clear that such an obstructionist system is doing real damage to the future of our nation. Were the Commonwealth open about their inadequacies, and fair enough to allow flexible patterns of study that could incorporate the desperate need of students for work or any other source of income then these problems might not be so bad. However the Commonwealth's attitude is such that any student not studying full time is ineligible for any payment other than the dole, to receive which they must be looking for work, taking more time away from study. The poverty report contains within in it a number of strategies for the alleviation of these problems; but the most obvious and necessary one remains an increase in the amount of student income support.

## **THE CIRCUMSTANCES OF STUDENTS TODAY**

There is a conception prevalent amongst certain groups in society today that students are lazy, whinging and undeserving of benefits from the Commonwealth. Unfortunately, the present situation seems to indicate that those groups contain both legislators and public servants. Contrary to this belief as any parent of a tertiary student will tell you, students on average are over-worked, stressed, often physically unwell as a result of the former two issues and constantly regretful they cannot afford to focus more upon their studies. There is no way possible of concluding that such circumstances can be conducive to study. How we treat our brightest and best is a national disgrace, comparable only to how we treat those at the other end of the scale – those that occupy positions of disadvantage in our society and are kept there by prejudice and policy.

The Student Financial Supplement Scheme is an example of one of the flawed programs available to students – although it has been ended now. By allowing students to borrow from the Commonwealth against future payments students got access to what was often desperately needed lump sums of money, but allowing their debt to the government to accumulate often placed them under further financial strain. The failure to replace it with anything suitable to fulfil what is obviously a desperate need is shameful. A program the government would do well to consider emulating is one that is offered at La Trobe, where a lump sum of money was established to serve as a Student Loans Fund, amounts of which are lent to students interest free for necessary expenses like computers, car repairs, and even small expenses like paying bills and buying food. Were the Commonwealth to establish a similar fund of suitable size, apportion it to public universities for them to utilise in a similar function or to support



existing similar programs then this would be a suitable replacement for what has been lost. Our experience has shown this to be such a crucial and well utilised service that 4 months into this year we have already reached our maximum limit of lending; showing the demand and thus the necessity for such a program – as well as the need to expand it.

## **THE ROLE OF STUDENT ASSOCIATIONS**

Student Associations are more and more frequently being faced with the widespread evidence of the grim outcomes of inadequate Commonwealth support as well as individual examples of the hardship it causes. In our role as service and welfare providers as well as advocates and representatives, we have initiated various programs to combat this, including: “The Breakfast Club”, a group of volunteers supported by the SRC Inc. who provide free breakfasts for students on campus one day a week. The SRC also runs a Dental Service, offering discounted dental care for students. The Union has sponsored information pamphlets about the dangers of debt, as a small but growing percentage of students are declaring themselves bankrupt as a result of accumulated expenses and mobile phone bills. The Union is also aware that the increasing costs of Higher Education pose a formidable barrier to many minority groups already under-represented at university, and to this end are offering scholarships to Indigenous Students to cover the start-up costs of higher education. These programs and the many more we offer remain band-aid solutions at best; and are hopefully temporary to cover the current crisis in inadequate income support. Unfortunately our ability to offer these programs is severely limited, and the threat posed by the Government’s proposed Optional Membership of Student Organisations (OMSO) Legislation means that even these small contributions to our members may soon be lost.

## **IMPACT UPON THE LEARNING PROCESS**

The days when Universities could foster the pursuit of knowledge and act as a repository for the achievements of society are long gone; if they can still do so it is in a limited fashion that serves sadly to show what might have been. A small but increasing body of students today are more often than not glad to get out of university with a degree regardless of any particular academic achievement. This is never the intention when a student starts tertiary study, but it is one imposed by the disgraceful policy

and practices we have highlighted. The parsimonious attitude of the Commonwealth is turning under-achieving into a national pastime, where the bare minimum has become the benchmark. We are not a lazy or selfish people; however we are intimidated by mountains of debt hanging over our head. To then be reduced to poverty when we attempt to better ourselves is for many too much to be borne.

## **OUR CHANGING STUDENT CULTURE**

Many have commented sadly upon the change in the culture of universities today; the less time available for students to study due to work has meant even more less time available for the other activities that use to be a regular part of the university experience. This has cheapened higher education, and detracted from the calibre of graduate it produces. Likewise other aspects of university, including the practical and convenient have suffered; an example at La Trobe being the fees for living in a residential college has risen on average over the past 5 years by more than 10% year. It would be desirable and beneficial to reverse this trend. For others, because of the necessity to find and be close to work, university and still have access to doctors and public transport many students live in the inner city, and with that comes the higher costs of living, further exacerbating the problem. The physical accessibility of universities themselves is another issue putting financial pressure on students, particularly in regional areas, through the direct costs of commuting or the necessity to move to be close to study.

## **THE ROLE OF HIGHER EDUCATION**

The effects on our society of under-funding student income support have been to force students to endure circumstances that are unconscionable for a wealthy society and nation. Universities have many vital purposes; the pursuit of knowledge and excellence, and through teaching the passing on of this to mention the most obvious. They also act focal points for the endeavours of our society; giving access and opportunity to those deserving and representing the importance of critical enquiry and innovation. Higher education should be structured in such a way as to allow individuals the opportunity to pursue a chosen field, and excel in it, and then take the skills and knowledge they've acquired back into society for the betterment of all. So it is right for our government to support people in this, and to give them all the help they need so that they can maximise their potential and society as a whole can benefit from this. Yet that is not what has happened. The Commonwealth must decide if it is going to try to achieve this, for the current situation is not sustainable.

# ASSESSMENT OF NEEDS

We have already identified certain recommendations that we would like the Committee to consider, and then recommend to the Government. They are:

- That current level of student income support should, at a bare minimum, be increased to equal the poverty line.
- That the barriers preventing students from accessing income support should be reviewed, with many of them discontinued and testing in the future based upon real world conditions, and not upon unrealistic assumptions which have created hardship for many existing students. This includes a reduction in the age of independence.
- Develop more flexible policies for students to work and study under, and not penalise them exorbitantly for supplementing their income with paid employment if the income is of a marginal nature.
- Establish a fund for no-interest loans, administered by universities, to be made available to students to cover unforeseen or necessary large expenses, the utilisation of which does not impact negatively upon income support payments.
- Ensure that programs exist for the provision of access to higher education for those occupying positions of disadvantage in our society.

## WHAT CHOICES TO MAKE

We must ask ourselves what viable and realistic alternatives exist to the current procedure. Is there a model of student income support that can remedy the problems we have indicated? We believe that the measures outlined directly above are an excellent starting point. There maybe other options to consider; like the merging of the variety of payments into a single one, or making allowances for the variety of and changing circumstances students experience over time – as long as the principle of increasing both the amount available and potential recipients is accomplished.

## WHY WE NEED TO REDRESS THE BALANCE

A real crisis presents itself to our nation, one that will be hard to determine but the effects of which will be catastrophic in the long term. Faced with a simple choice between survival and academic pursuit,

students are increasingly putting minimal effort into their studies in an effort to secure a viable lifestyle – not a luxurious one by any standards, or even an average one, but one in which they can sustain themselves and live independently. The desire for independence and self-sufficiency is hardly one we should be hampering. Fundamentally, due to the Commonwealth's neglect and intransigence academic pursuits are suffering, as are the physical and emotional conditions of tertiary students. The economic and social costs for a society with a large proportion of its people shackled with mountainous debt and who are, despite the best intentions of both themselves and their educators, not performing at their best due to an inability to access the full benefits of their education, are dismal. And yet we know that as a society this is not the path we should take, and should act to remedy it whilst we still can.

## **PROVIDING EQUITY**

Too many from disadvantaged backgrounds are prevented from accessing university, something the inadequate levels of student income support further hinders rather than helps. All we can do is point out that people from low socio-economic conditions remain under-represented in universities, as do indigenous students, students from non-English speaking backgrounds, students with a disability and others. All these groups need specific programs to remedy this, but such programs are useless without the basic changes to the system we have already outlined.

## **CONCLUSION**

We remain passionately committed to the advancement of higher education and the welfare of all Australia's tertiary students. Bitter experience unfortunately leads us to not expect the government to take our concerns seriously. All we are asking is for them to be fair, and make their intentions clear. Obviously the best solution is an open higher education sector complemented by a student income support scheme that provides enough financial support to allow students to study full time if they so choose. If this is not going to happen then the Commonwealth should be open about it; declare that full time study is the privilege of an elite few who can live at home or whose parents can afford to massively subsidise them.

Does The Commonwealth accept the status quo, in that students are not given adequate levels of support, and that Commonwealth payments are merely a supplement to paid employment? We believe this to be a grave mistake, but if this is the case, then they should allow greater flexibility for part time study and access to payments. But such a course of action is both cowardly and inefficient, taking the focus of students away from their studies. We urge the Committee to examine our recommendations, and the many others they receive, and encourage them to agitate for a fairer system of student income support that does not keep and trap students in poverty and force them to sacrifice their education.